FINANCIAL TIMES

No. 27,362 Tuesday September 20 1977

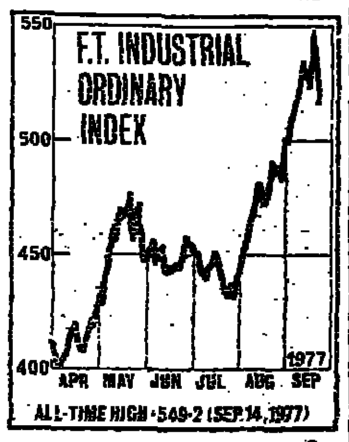
CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

NEWS SUMMARY

BUSINESS

Equities lose 15.0; setback to gilts

● EQUITIES suffered sharp losses as nervous profit-taking marked the first day of the new Account. The FT 30-Share Index, off 19.8 at 11 a.m., closed



ALL-TIME HIGH: 549·2 (SEP 14, 1977)

at 516.9, down 15.0 on the day. This is the biggest percentage drop in the index in a single day for six months.

● GILTS had their first big setback for several weeks, closing with losses to £1½. The FT Government Securities Index slipped 1.11 to 74.59, its biggest fall in a day for seven months.

● STERLING slipped 8 points to $1.7420 and its trade-weighted index eased to 62.3 (62.4). Dollar's trade-weighted depreciation was 0.59 (0.58) per cent.

● GOLD rose $1.25 to $149.625 in fairly active trading.

● WALL STREET was down 3.55 near the close.

● FRENCH Government will continue strict restraint on wages, prices and the money supply next year. Page 5

● JAPAN had a smaller trade surplus of $1.16bn. last month, with imports showing an increase. Page 8. Sony hit by yen appreciation Page 29

● INDIA plans to import more machinery and raw materials in a bid to boost economic development. Page 8

Miners go ahead on productivity

● MINERS' negotiators have voted to continue talks on the National Coal Board's productivity proposals, which they hope will be put to a ballot. The decision has boosted moderate leaders' hopes of using the benefits in the scheme to dampen other pay demands in the pits. Back Page

● DISPUTE has flared up on an oil platform being installed off the Shetlands and 119 striking engineering workers have been flown off the platform. Back Page

● FORD proposal to build trucks in Egypt could mean big orders for parts made at Ford plants in the U.K. Page 9

● AIRLINES are reporting early successes for their new "stand-by" London-New York fare scheme, as the North Atlantic cheap fares battle gathers momentum. Page 26. New York-Miami fares slashed in airline war. Page 7

COMPANIES

● UNITED BISCUITS lifted pre-tax profit to £17.04m. (£15.02m.) in the 28 weeks to July 16. Page 22 and Lex

● ANDERSON CLAYTON of Texas has withdrawn its $300m. takeover bid for Gerber Products, the baby foods manufacturer, following reports that Unilever may make a counter-bid. Page 28

● ITALIAN unions have threatened to break off all relations with the Government if the State company, IRI, sells its profitable engineering subsidiary, Condotte d'Acqua to private interests. Back Page

PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
...ontrols	29½	+ 4½
...undee In.	146	+ 8
...hy	350	+ 15
...Props.	82	+ 7
...aners	60	+ 3½
...Scottish	107	+ 7
...ztile A	63	+ 4
...	90	+ 30
...	183	+ 7
...Fields	95	+ 10
...Geduld	£12	+ 1
...	440	+ 38
...	91	+ 11
...er Mines	160	+ 32
...	235	+ 7

FALLS		
Treas. 12pc 1995	£31⅛	− 1⅛
Beecham	633	− 15
British Home Stores	235	− 7
Courtaulds	122	− 5
Dowty	166	− 7
Expanded Metal	66	− 7
Farnell Elec.	217	− 11
Glaxo	630	− 18
GKN	314	− 15
Hickson and Welch	590	− 18
ICI	423	− 11
Kode Intnl.	92	− 6
Laporte	116	− 9
Lawrence (Wm.)	400	− 60
Midland Bank	320	− 8
P and O Dfd	148	− 6
Rowntree Mackintosh	380	− 18
Sunley (B.)	178	− 7
Thorn Elec.	396xc	− 10
Vickers	222	− 13
Wood Bastow	95	− 7
Siebens (U.K.)	316	− 10
Tricentrol	188	− 6
...pc 1981	£111	− 1¼
...pc 1993	£113⅛	− 1½

U.S. may soften stand on export of nuclear technology

BY DAVID FISHLOCK, SCIENCE EDITOR

A perceptible softening of the U.S. Government's attitude towards the export of "sensitive" nuclear technology is expected to emerge at to-day's meeting of the Nuclear Suppliers Group in London.

This group, set up in early 1975 on the initiative of the U.S. Government, has been meeting in London every few months to find agreement among the world's leading nuclear exporting nations on how to tighten safeguards against the risk of proliferating nuclear explosives.

The primary concern is the growing knowledge of three sensitive technologies—reprocessing of spent nuclear fuel, uranium enrichment, and heavy water production—which can be used to help make nuclear explosives.

The meeting hopes to get agreement this week on the wording of guidelines which exporting nations will observe when contracting to sell plant or technology to nations which refuse to sign the Non-Proliferation Treaty.

Given agreement on guidelines, it has the ticklish task of finding a way of presenting its activities publicly, as an adjunct to those of the International Atomic Energy Agency and its treaty.

At present, some potential customer-nations are inclined to view the clandestine group as a nuclear cartel, inimical to their interests.

Its last meeting, late in April, followed a policy statement by President Carter declaring a moratorium on the commercial reprocessing of spent nuclear fuel, and indicating that the U.S. Government would prevail upon its overseas customers to follow suit.

Only Canada, of the 15 nations attending that meeting, showed any readiness to support the U.S. anti-proliferation proposals to the extent of foregoing reprocessing and the possibility of using the plutonium by-product as a nuclear fuel.

Last week the U.S. made significant concessions to Japan —another group member—when the two countries signed an agreement that will permit the Japanese to reprocess fuel originally enriched in the U.S., and to separate plutonium for use as fuel in its first breeder reactor development programme.

Inspection

In return, the Japanese agreed to continuous international inspection of the French-designed reprocessing plant at Tokai Mura, to pursue the possibility of "co-processing" uranium and plutonium so that the latter could not be used as explosive, and to forgo any use of plutonium in their present generation of commercial reactors.

On the last point, the Japanese have been persuaded that recycling of plutonium through existing reactors would reduce their fuel imports by only 2 or 3 per cent.—for a high price and a big escalation in the risk of proliferation.

A senior U.S. State Department official said last week that Japan's public statements of principle in favour of tighter controls over plutonium were "to my mind as important as the modalities."

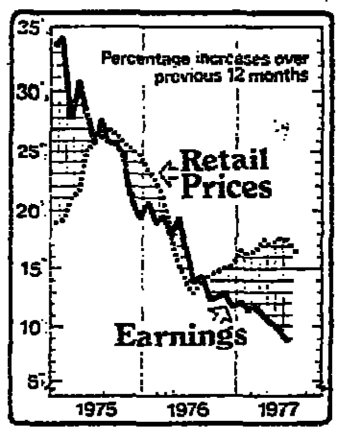
But he also admitted that the U.S. had been "under terrific Japanese pressure" to permit them to go ahead without delay in commissioning the $200m. demonstration reprocessing plant.

Another senior State Department official pointed out that his Government's decision to cancel the 380-MW Clinch River fast breeder reactor—"a technological lemon," as he called it—should not be construed as opposition to the fast breeder in principle. He said the U.S. would continue to spend several times as much as Britain on this reactor.

But his Government was very anxious to persuade other nuclear nations to re-examine carefully the possibility that there were nuclear technologies that had been left on the shelf, but which offered special advantages from an anti-proliferation standpoint.

The U.S. hopes to launch this October the International Fuel Cycle Evaluation Programme, a massive re-examination of 35 years of nuclear technology, by which President Carter set great store at the London summit in May.

Editorial comment Page 20



Average earnings up 8.8%

By Peter Riddell
Economics Correspondent

AVERAGE earnings rose by 8.8 per cent. during the 12 months of the Phase Two pay policy—exactly half the increase in retail prices during the same period.

The figures, announced yesterday by the Department of Employment, highlight the intensity of the squeeze on living standards during the past year which helped to prevent any formal agreement on pay policy after the end of July.

The earnings outcome for Phase Two is slightly higher than the original Government projection of a 7½ per cent. rise, but rather lower than looked likely earlier this year when officials were talking merely about a single figure increase for the period.

The difference between the original projection and the outcome can be explained by higher than anticipated overtime and some delayed payments under the £6 a head policy.

The result has not be significantly affected by the deferral of pay negotiations and settlements until after the end of Phase Two. This might have boosted the index by 0.1 or 0.2 of a pointup to an annual rise of around 9 per cent.

Less than 500,000 workers are known to have delayed settlements in this way, but well over a third of those notably the bank employees and Merchant Navy officers, are not included in the earnings index.

The index of average earnings was unchanged during July for the second month running at 286.3 (January 1970 =100) and the main reason is a change in the pattern of settlements not allowed for in the usual seasonal adjustment.

The latest figures are seen in Whitehall as showing the success of the pay policy with no major breaches of the Phase Two settlement limits and a slowdown in the rate of increase in earnings from nearly 30 per cent. to single figures in two years.

Editorial comment Page 20

Leyland toolmakers strike threat

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS toolmakers will stage an all-out strike from October 28, unless their demands for improved pay and differentials are met.

The unofficial four-week strike by toolmakers earlier this year cost £150m. in lost production and brought the company to the brink of financial collapse.

Renewed militancy by the toolmakers, in direct conflict with their union's executive, comes against a background of a mounting industrial relations and investment crisis for Leyland.

The reform of industrial relations, demanded by the Government as a condition of continued state finance, has been placed in jeopardy by the decision of the Transport and General Workers' Union shop stewards to reject the company's proposals.

A warning that time is runing out for further negotiation was delivered yesterday to the manual employees working party —the body charged with seeking the reform of Leyland's troubled industrial relations.

Mr. Terry Duffy, Amalgamated Union of Engineering Workers executive member for the Midlands, said management had been told "in no uncertain terms" that workers wanted to see "the colour of the money on the table" by November 1, the proposed date of introduction of the company's refrms.

He cited the case of Longbridge, Birmingham, where procedure had nearly been exhausted in the demand by the 20,000 workers for a 47 per cent. increasef rom November 1.

Leyland has warned the workforce that its ambitious ten-year development programme has been placed in danger by industrial disruptions.

A statement about Leyland is expected to-day from Mr. Leslie Murphy, chairman of the National enterprise Board, the company's major shareholder, when he presents the NEB's half-year account.

The toolmakers are prepared to undertake industrial action in the knowledge that it could mean the end of Leyland Cars as presently constituted.

They maintain that they must resort to desperate means to get their union, the AUEW, and other unions to agree that skilled men should receive improved differentials.

Soundings are being taken in the plants to ensure support for the strike. A mass meeting of toolmakers has authorised its leaders to take such action at the time of their choosing.

The company has firmly rejected the toolmakers' demands for separate bargaining rights, arguing that such a concession would lead to similar claims from other groups of workers.

Management seemed determined to press through its package of reforms, even at the risk of provoking a confrontation with the unions.

Moves are likely to be made to-day at the national executive of the AUEW to convene an emergency meeting of the Confederation of Shipbuilding and Engineering unions. Such a gathering would attempt to reconcile the growing conflict between the TGWU and the AUEW about the future pattern of bargaining within Leyland Cars.

Labour news Page 12

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

Botha backs international Rhodesia settlement

BY QUENTIN PEEL PRETORIA, Sept. 19.

SOUTH AFRICA does not favour an internal settlement in Rhodesia which would exclude the leaders of the nationalist guerilla forces, but rather would like to see an open election to determine which nationalist leader commands majority support in the country.

Mr. Pik Botha, the South African Foreign Minister, said in an interview to-day that his Government had committed itself to the effort to obtain an internationally acceptable solution in Rhodesia.

However, he condemned the Anglo-American proposals for security arrangements in the country as incapable of creating the necessary conditions for a ceasefire.

At the same time he warned that threats of tightening sanctions against Rhodesia, or of extending them to South Africa itself, in an effort to force an unacceptable settlement on the white regime in Salisbury, would be counter-productive.

"The Western nations, led by the U.S., were making a mistake in using threats to seek South African support, Mr. Botha said.

The Foreign Minister said that the warnings he had given, along with Mr. John Vorster, the Prime Minister, about heightened pressure on South Africa, did not imply that they had written off the Anglo-American initiative for a Rhodesian settlement.

Mr. Botha said that the U.S. Administration had indicated "by implication" that it was serious about sanctions, because President Carter had declared that provided an internationally acceptable solution was achieved in Rhodesia and Namibia (South West Africa), steps like sanctions might not be necessary.

However, it had not been spelt out specifically by Mr. Cyrus Vance, the U.S. Secretary of State, at their London talks.

"I think they are making an awful mistake and a grave error of judgment," Mr. Botha said. "It is completely counter-productive to hold a sword when you are trying to get the co-operation of people. There is a point beyond which we cannot be pushed, and that point has just now been reached."

Strangulation

The threat of sanctions was serious, although it might not be imminent, the Foreign Minister said. They would be imposed as an extension of existing sanctions against Rhodesia "as a result of what the world will call our intransigence in not being prepared to kill black and white Rhodesians by finesse, by strangulation, and achieve exactly the same result as if you were going to destroy the country."

Britain was attempting to use South Africa to exert pressure on Rhodesia because she was unwilling to use her own power, Mr. Botha said: "I don't say she must do it. I just say if she wants a solution in territory over which she claims sovereignty, why ask my country to do her job for her?"

Mr. Botha also warned that any move to impose sanctions on South Africa would affect neighbouring countries like Botswana, Lesotho, Swaziland, and even Mozambique.

Mr. Botha said the crux of the Rhodesian settlement problem was the composition of the army. Whereas the original Western proposals had provided for a ceasefire, the package finally presented by Dr. David Owen, the British Foreign Secretary, and Mr. Andrew Young, the U.S. Ambassador to the UN would provide for guerilla forces to be the core of the army. Such a package "could not possibly achieve" a settlement.

He rejected suggestions that South Africa had given tacit approval to Mr. Smith's efforts to obtain an internal settlement excluding the guerilla forces.

"On the basis of Mr. Smith's own acceptance of majority rule, South Africa would wish to see clearly who commands that majority support," he said. "If Mr. Nkomo can win it openly and fairly, then he wins, and it would be foolish of South Africa to turn against a man who has proved he commands the majority support."

As on Rhodesia, Mr. Botha said that in Namibia it was in South Africa's interests to achieve the widest possible international recognition for a solution. While he believed further progress was possible he admitted that the nationalist demand for total withdrawal of South African troops from the territory before elections was a major stumbling block.

Italian company likely to win S. Wales refinery contract

BY RAY DAFTER AND KEVIN DONE

AN ITALIAN engineering contractor appears set to win the main contract for one of the most ambitious refinery projects to be undertaken in the U.K., the £350m. expansion of Gulf Oil and Texaco's facilities at Milford Haven and Pembroke in South Wales.

Snam Progetti, one of the main subsidiaries of ENI, the Italian State oil corporation, is expected to be awarded the main engineering design contract in the next day or two, despite fierce U.K. competition.

The announcement will come close on the heels of news that another major contractor from Texaco, this time for the steel platform for the U.S. oil company's Tartan Field in the North Sea could also go abroad.

The French group Union Industrielle et d'Entreprise submitted the lowest tender for the basic platform. However, whether the order eventually goes to UIE, or its main U.K. rival for the contract, Redpath Dorman Long, is still the subject of discussions between Texaco, the Government and the offshore supplies industry.

To date, Snam Progetti has not built a major project in the U.K., but it has undertaken contracts for the oil, chemical and nuclear industries in many other countries, particularly in the Third World. The Gulf/Texaco contract would represent a major breakthrough for it in Britain.

The oil companies will be able to offer only a letter of intent at this stage as planning permission for the project is still to be granted. Dyfed planning committee is expected to discuss the planning application early next month and the issue will then go before the full council.

The scheme is likely to receive generous Government assistance in the form of regional development grants and other aid. Even though the main contract may go to Italy, U.K. sub-contractors are likely to be involved.

The Gulf Oil/Texaco plant will be used to convert fuel oil into petrol and is one of the biggest of its type to be undertaken in the U.K. oil industry.

It will expand the capability of two separate refineries: Gulf's 5m. tonnes a year plant at Milford Haven and Texaco's 9m. tonnes a year refinery at Pembroke. The planned 65,000 barrels-a-day catalytic cracking unit will be jointly owned, with Texaco investing the major share of about 65 per cent.

The project arises because the oil companies see little growth prospects for heavy fuel oil, which traditionally has accounted for much of the British refinery industry's output.

LOMBARD

A narrow market for efficiency

BY ANTHONY HARRIS

IT USED TO BE the boast of the London Stock Market that it had bardly a rival in the world for breadth and stability. Lesser bourses might swoop up and down in a manic depressive way, but not London; here substantial deals could be put through without a tremor. Long tradition, allied to the jobbing system, conferred these merits.

In the last three years, of course, things have been very different. The market can still mobilise formidable sums for the Government, but this is now done without maintaining the "orderly" market which used to be thought essential. Indeed, the Bank of England, through the issue of part-paid stock, has consciously encouraged speculative excitement.

The analogy

All the same, the gilt market is calm itself compared with the equity market, which not only moves up and down as a whole at an alarming pace but reacts far more sharply than in the past to news from individual companies.

In one sense, this is a loss of market efficiency. It is certainly not true any more that a large shareholder can sell or switch without worrying about the impact of his sale on the market; and if this were a market in wheat or apples, this would be bad news. Thin, speculative commodity markets are disruptive.

However, the analogy between stock markets and commodity markets has always looked questionable. It is not just that they deal in quite different things, or that the stock market is a secondary rather than a primary market. It is an uncomfortable fact that the two countries with the most impressive stock markets, the U.S. and the U.K., have for many years put up a relatively sluggish economic performance, and some critics have suspected a connection.

If there is one, it is probably what the Wilson Committee has now labelled as the proprietorial gap. Company managements now tend to be self-perpetuating, and the Wilson Committee, to judge from the leaks so far, seems to blame the sleepy performance of institutional shareholders. The symptom is important, but the diagnosis is surely wrong: it is a broad stock market more than anything else which gives industrial managers an easy life.

If institutional shareholders were to blame, one would have to believe that in the past companies were run by small shareholders. There is so little basis for this that it is not even a *myth*. There have always been a few small shareholders prepared to ask nasty question at meetings, but it is hard to remember any occasion when such ginger groups have been more than a nuisance.

The small shareholder has always tended to vote with his feet if he didn't like the management, and quite right too. The charge against institutional shareholders is rather that they behave like small shareholders rather than behaving unlike them. They stuck to the policy of selling holdings they did not like long after it ceased to be realistic to do so.

It is a little hard to know how much there is in this charge. The institutions do not like to talk about their efforts to intervene in management, and the old policy made a good cover story. But what probably was true until recently was that some institutions talked about selling shareholdings they did not like, while in fact they did nothing whatever.

discipline

Nowadays, however, it is obvious that large shareholders are locked in, and those who run the institutions are becoming readier to admit it. Because we now have thin, narrow markets, it is more obvious that institutional shareholders must take an interest in management, and that it is more respectable to do so. The unit trusts have even told the Wilson Committee that they think this will be in the long run a more rewarding policy.

This is obviously a helpful development. Managements do need discipline, but the takeover bid, which in the 'sixties was the most effective sanction, is an unhelpful form of discipline. The threat of takeover tends to make managements timid and short-sighted, and the execution of the threat leads to the top-heavy industrial structure we have to-day.

Active proprietors who are prepared to take risks and a long view will discipline managements far more constructively; and it now looks as if the institutions are being forced into this role simply because they are so dominant in the stock market.

It will be a sad irony if the Wilson Committee, which is catching up with prevailing City opinion as such inquiries always do, winds up by blaming the institutions for failing in the past to fill a role which has in fact been unfilled since the 1920s, and which they are now preparing at last to take on.

RACING BY DOMINIC WIGAN

Free Will to join Walwyn's winning two-year-olds

PETER WALWYN has his two-*year-old team in almost all-conquering* form and I shall be disappointed if Free Will cannot add to the Seven Barrows juvenile success story with a win in the Findon Stakes, to-day's opener at Lingfield.

A respectable sixth on her debut behind Court Barns in a division of the Sparsholt Maiden Stakes at Newbury five weeks ago, when she was running on well in the closing stages, Free Will then showed the benefit of *that* run with a game Chepstow victory over Idle Waters.

I take her to maintain her improvement with a clear cut success over likely favourite River Call, runner-up in Court Barns' Newbury event and subsequently a short head winner from Jungle Trial on that same Chepstow card.

The Michael Stoute-trained Showboard has proved something *of a disappointment since* disposing of Don Amigo in summary fashion at Yarmouth last month.

LINGFIELD
3.00 Free Will***
3.30 Showboard**
4.00 Peach Melba*
4.30 Glen Orcis
5.00 Shoals
5.30 Persepolis

LEICESTER
2.45 Gerard
3.15 Crested Grebe
3.45 Rockeater
4.15 Hit the Reef

However, he may have been tackling trips slightly beyond his optimum and I give him one more chance in the Upham Stakes. The one mile one furlong of this event will suit him *ideally. The Barry Hills trained* Randa, a 1½ lengths winner from Rare Beauty at Warwick last time out may follow the Newmarket colt home.

Peach Melba won with so much in hand when out-pacing Hedingham Boy (a winner since) at Newmarket that it seems likely she can defy top weight of 9 st 2 lbs in the Walton Nursery. Here a market move for the lightly weighted Somers Heir should be noted.

The Burmah-Castrol Ayr Gold Cup on Friday should be an absorbing race. Those with jockeys already booked include Rings (A. Kimberley), Last Tango (B. Rouse), Private Line (E. Hide), Be Easy (R. Hutchinson), Calibina (G. Baxter) and Jenny Splendid (L. Jenkinson).

TENNIS BY JOHN BARRETT

Device can end line disputes

ILIE NASTASE'S days are numbered—at least those days when he queries the calls of linesmen. A new invention was unveiled at Taylor Woodrow's indoor court at Southall yesterday which, if widely adopted, would eliminate all doubt on balls that land close to the lines.

Subacall is the brainchild of Dr. David Supran, a 42-year-old communications consultant with ICL whose interest in tennis began in the fifties when he himself was a keen junior player.

The system is based on an electrically conductive tennis ball bouncing on a 2½ inch wide cable stuck to the surface of the court immediately beyond the lines. The 24 bare wires form circuits which when completed by the bouncing ball convey information to a small computer on the umpire's chair.

All the umpire has to do is set the device for singles or doubles and depress one button while a service is being delivered. Thereafter, the computer will decide whether a ball bouncin gclose to the line did in fact touch the court line and therefore was in or missed and therefore was out.

The surface on which the cable has been laid is Supreme Court, the most widely used indoor carpet at all levels of international play. Accordingly, the potential for the Subacall system is great for if there is one aspect of the game that needs improvement it is questionable line decisions.

First bleep

Future refinements will probably include a wider conductive strip, a scoring system built into the computer and even, in due course, the detection of net cords.

As it stands Subacall, developed to a production stage, should certainly prove a popular innovation—to the players at least for whom an incorrect call can mean the difference of thousands of pounds.

The system was demonstrated yesterday by Britain's No. 1, Mark Cox, Richard Lewis, Shirley Brasher and former Wimbledon champion Ann Jones, who had the doubtful distinction of activitating the first bleep from the computer when she served a double fault.

The system will go into full-scale operation during the next three weeks in the Pernod tournaments to be played in Edinburgh (starting next week), in Washington New Town the following week and finally in Bournemouth.

This live application will allow players and umpires to grow accustomed to the system and it will be interesting to see how they react. Although one could argue that the game will be robbed of one of its elements if controversial decisions no longer occur, that will be no loss for my money.

Luton airport to expand

A BATTLE to prevent Luton Airport handling up to 5m. passengers a year has been lost, an MP claimed yesterday.

The Government planned to let Luton expand while delaying a decision on a third London Airport, said Mr. Robin Corbett, Labour MP for Hemel Hempstead.

"I have been given the wink that because the Government is going to take a short-term view and delay the bigger decisions on air traffic for a few years, Luton will ge the go-ahead for growth."

If this were true, it would threaten Hertfordshire, he said.

The airport is owned by Luton Council but flight paths are over *thes urrounding areas of Hert*fordshire and South Bedfordshire.

WINE BY EDMUND PENNING-ROWSELL

The proof of the bottle lies in the tasting

TRADE tastings in London in recent months have been dominated by recent vintages: 1976 clarets, 1975 and 1976 German wines, and 1975 vintage ports. Conspicuously absent, however, have been the 1976 burgundies, probably because demand at source has been so great as to rule out the necessity of offering them here before they are available in bottle.

In the 1976 clarets there has been particular interest, since comparisons have been made with the '75s, generally accepted as fine if possibly slow in maturing; and '76 is only the second vintage since '71 that just now shows much prospect of promising development and combined with some degree of longevity.

For the '72s, '73s and '74s range from the moderate to the miserable. For the '76s some ambitious claims have already been made, with suggestions that, along with the '75s, they will rank among the famous "pairs," such as '28 and '29. This seems highly unlikely, for it has to be remembered that weather conditions at the vintage last September were not good, with heavy rain falling before and during the picking.

As Mr. Peter Sichel, Bordeaux wine merchant and as a grower associated with both Ch. Palmer and Ch. d'Angludet, wrote in his recent market report, "great wine is not generally produced when August and September rainfall reaches 170 mm as it did in 1976: the red wines are ripe, often with good colour, have low acidity but lack concentration. They have more body than 1973s, more fruit than 1974s, will mature quickly and provide wines with elegance and character."

Beguiled

This sounds good enough for most of us not prepared or able to wait ten years or so for a claret to reach its peak, but we should not be beguiled into believing that 1976 was yet another "vintage of the century."

Of the three tastings of '76s held in London recently, absence abroad prevented me from attending more than one: a big selection shipped by the Bordeaux house of Edouard Kressmann and offered by Percy Fox, a subsidiary of Saccone and Speed.

Although attention was naturally concentrated on the dozen classed-growth '76s shown, a whole range of vintages back to 1970 were displayed by several châteaux, whose owners were present, including M. Borie of Ducru-Beaucaillon and Haut-Batailley, M. Kressmann of La-Tour-Martillac and M. Zuger of Malescot-St. Exupéry. Among the older vintages the '70s generally showed much more fruit, body and character than the '71s.

The '75s were, of course, cask samples, and pronouncing dogmatically on these is hazardous even for the experts; but for my money—and that of some others present who really could be called on to spend it—the Ducru-Beaucaillou was the best wine there, a big-coloured fruity wine. Indeed I preferred it to the '75 (also a cask sample), which seemed to be going through a dumb stage. M. Borie's Haut-Batailley was fruity too, but my second choice was Léoville-Las-Cases, lighter than the Ducru, but with more to it than the adjoining Léoville-Poyferré.

The Malescot was elegant but light, the La Lagune seemed "over-oaked" from a new cask, Lynch-Bages was lighter than usual, and Montrose a typical big-flavoured, tough St. Estèphe. From the Lawrence Hayward tasting that I missed I heard good reports of the Cos d'Estournel, Grand-Puy-Lacoste and Petit Village.

"And at a later tasting given by the Matthew Clark group I was impressed by the fruity Smith-Haut-Lafitte '76, as well as by the Rausan-Ségla '76.

Variable

Retail prices were not available at these tastings, but the '76s are generally dearer than the '75s. I have not tasted any of the lesser '76s, but they are reported as very variable, depending much on the winemaker's skill in a difficult vintage and careful selection afterwards of the best vats. However, those selected by wine merchants here should be good, and probably worth buying early; for in such years the poor stuff usually comes along later.

"With the prospects of this year's vintage increasingly doubtful the '76s are likely to find a ready market."

The '76 German wines have also been the subject of three London tastings: by Hallgarten, F. and E. May and Deinhard. May's enormous tasting of 78 wines, also included '75s, while Deinhard's 32 included several earlier years. Some of the '76s, only recently bottled, I found difficult to taste, but there is no doubt that it is a very good year for those who like the more luscious wines. On the other hand for the crisper Moselles the '75s are probably better.

There is indeed at present an embarrassment of riches among German wines, *except for the* lower qualities that contribute to the Liebfraumilch brands that dominate the market here.

For there was so much sun last year that the vast majority of wines qualified in natural sugar-content for the superior categories, from Kabi[...] wards. Nor are these [...] relatively expensive, [...] ket for them even with many is limited. If [...] dear here, it is owing to [...] in sterling, for many [...] noticeably more expensive [...] the fine '71s were [...] These were bought in [...] when the pound was worth DM8.50, whereas to[day] around DM4.

It is pointless here [...] ticular German wines [...] with burgundy, the best [...] is to rely on growers [...] chants who consistently [...] fine wine. They are [...] let one down over [...] worth buying early [...] small stocks usually [...] here are unlikely [...] plenished.

Finally the 1975 vintage [...] I must confess at once [...] not assess at this stage [...] young wines, deep in [...] and plummy in flavour [...] heavily influenced by [...] cent of brandy that [...] tain. All I can say [...] sampled, Cockburn and [...] that they certainly seem [...] to form. Those, however, [...] in vintage port suggest [...] will be a year to come [...] fairly quickly, perhaps [...] vintage, reasonably [...] ten years or so.

Compulsory

They are less big than the '70s, [...] year to be declared [...] shippers are offering [...] but not in large quantities [...] partly because with the '70s [...] bound to be expensive [...] ally owing to [...] bottling in Oporto. [...] opening retail prices of [...] ing '70s was around £[...] bottle, the '75s are [likely] £4.50 to £5, unless [...] brokerage basis to secure [...] return on the money [...]

Such high prices [...] requiring an extended [...] period should surely [...] tion to the fine vintages [...] sixties and increase the [...] at auction and elsewhere.

Both Cockburn and D[ow] [on] the occasion of offering '75s to show some of the vintages of the past, [...] back to 1890, Dow to 18[...] of these old wines h[...] wonderfully well, and [...] experience to taste, bu[t] those still generally a[...] *my choice would be the* [...] and '70 of both shippers, [...] '66 of Dow. Institutions [...] called on to buy the '75 [...] tain continuity, but pri[...] tage port drinkers m[...] better to ensure adequ[ate sup]plies of wines much m[...] drinkability.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 a.m. *Open University* (UHF) only). 9.38 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Camberwick Green. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Ar y Brig. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Astronut. 4.25 Jackanory. 4.40 Big John, Little John. 5.00 John Craven's Newsround. 5.05 Horses Galore. 5.35 Barbapapa. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.45 The Osmonds (London and South-East only). 7.15 The Wonderful World of Disney. 8.00 David Essex. 8.30 Mastermind. 9.00 News. 9.25 Dave Allen at Large. 10.10 Italia, Italia: a personal perspective by Peter Nichols. 11.00 To-night. 11.40 Regional News.

All Regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Fingerbobs. 5.05-5.35 Siangdifang. 5.55-6.20 Wales To-day. 6.45 Heddiw. 7.15 Y Chwilotwyr. 7.45-8.30 The Wonderful World of Disney. 11.40 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland — 3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 Jack High. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich) Spot On! *Midlands (Birmingham)* Pot Bank!: North (Leeds) Reunion; North-East (Newcastle) What's Cooking; North-West (Manchester) Showing To-night: South (Southampton) The Getaways; South-West (Plymouth) Peninsula: West (Bristol) Day Out.

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
4.55 p.m. Open University
7.00 News on 2 Headlines
7.05 May I Have the Pleasure?
7.30 Newsday
8.10 Turning Points
9.00 Ripping Yarns
9.30 The Water Margin
10.20 The Old Grey Whistle Test
11.20 Late News on 2
11.30-11.35 Music at Night by J. S. Bach

LONDON

9.30 a.m. Schools programmes. 12.00 Isso Nobo. 12.10 p.m. Rainbow. 12.30 Out of Work? 1.00 News plus FT Index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Tuesday Matinee: "The Comic." 4.20 The Sooty Show. 4.45 Magpie. 5.15 Sportscene.
5.45 News
6.00 Thames at 6
6.35 Crossroads
7.00 All In the Game
7.30 You're Only Young Twice
8.00 The Streets of San Francisco
9.00 London Belongs to Me
10.00 News
10.30 *The Christians*
11.30 Dan August
12.25 a.m. Close: Simon Prebble reads Church Poems by R. S. Thomas

All IBA Regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. †2.25 Tuesday Film Matinee: "Forever and a Day," starring Charles Laughton. 5.15 Emmerdale Farm. 6.00 About Anglia (including Police Call). 8.00 The Bionic Woman. 11.30 The Prisoner 12.30 a.m. Your Concern.

ATV

1.20 p.m. ATV Newsdesk. †2.25 The Tuesday Movie: "Madonna of The Seven Moons," starring Phyllis Calvert, Stewart Granger, Jean Kent and Patricia Roc. 5.15 All In The Game. 6.00 ATV To-day. 7.00 Emmerdale Farm. 11.30 Executive Suite.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. †2.25 Tuesday Cinema: "Madona of the Seven Moons," starring Phyllis Calvert and Stewart Granger. 5.15 All In The Game. 6.00 Border News and Lookaround. 7.00 Emmerdale Farm. 11.30 This Sporting Land. 12.00 Police Surgeon. †12.25 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 2.25 The Tuesday Matinee: "All The Way Home." 4.10 Cartoontime. 5.15 Happy Days. 6.00 Report At Six. 11.30 George Hamilton IV. 11.55 Commentaires et Prévisions Météorologiques.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. †2.25 Feature Film: "Madonna of the Seven Moons" starring Phyllis Calvert, Stewart Granger and Patricia Roc. 5.15 All in the Game. 6.00 Grampian Today. 6.05 Wildlife Cinema. 7.00 The Fosters. 11.30 Executive Suite. 12.25 a.m. Reflections.

GRANADA

1.20 p.m. This is Your Right. †2.25 Tuesday Matinee: Jack Warner in "Holiday Camp." 4.10 Cartoon. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 11.30 Police Woman.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. †2.25 "Kings Go Forth," starring Frank Sinatra, Tony Curtis and Natalie Wood. 5.15 Breaktime 3. 5.20 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 Emmerdale Farm. 7.05 Happy Days. 7.35 The Tuesday Mystery Movie: Quincy. 11.30 Executive Suite.

HTV Cymru/Wales — As HTV general service except: 1.20-1.25 p.m. Penawdau Newyddion y dydd. 4.20 Miri Mawr. 4.30-4.45 Wsibethna? 6.00-6.18 Y Dydd. 10.30 Ramdden. 11.25-12.20 The Sweeney.

HTV West—As HTV general service except: 1.20-1.30 p.m. Report West Headlines. 6.00-6.35 Report West.

SCOTTISH

†1.25 p.m. News and Road and Weather Report. †2.25 Feature Film: "Madonna of the Seven Moons," starring Phyllis Calvert and Stewart Granger. 5.15 Take Korr. 5.20 Crossroads. 6.00 Scotland To-day. 6.30 What's Your Problem. 7.00 Emmerdale Farm. 8.00 Thingummyjig. 11.30 Late Call. 11.35 Gibbsville.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 2.25 "B.F.'s Daughter," starring Barbara Stanwyck. 5.15 The Country Mouse. 5.20 Crossroads. 6.00 Day by Day including Southsport. 7.00 Emmerdale Farm. 8.00 The Frankie Vaughan Show. 11.30 This Sporting Land. 12.00 Southern News Extra.

TYNE TEES

9.25 a.m. North East News Headlines, followed by Starting Point. 1.20 p.m. North East News and Lookaround. †2.25 Tuesday Matinee: "Jacqueline," starring John Gregson and Kathleen Ryan. 3.50 The Mary Tyler Moore Show. 5.15 All in the Game. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.30 Gibbsville. 12.25 a.m. Epilogue.

ULSTER

12.30 p.m. First Steps in First Aid. 1.20 Lunchtime. 2.25 Tuesday Matinee: "Harry Black and the Tiger," starring Anthony Steel. 4.18 Ulster News Headlines. 5.15 Lassie. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 8.00 Baretta.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. †2.25 The Tuesday Matinee: "All The Way Home," starring Jean Simmons. 4.10 Cartoontime. 5.15 Happy Days. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 George Hamilton IV. 11.55 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. †2.25 Tuesday Film Matinee: "Jacqueline" starring John Gregson and Kathleen Ryan. 3.50 Calendar Tuesday. 4.15 The White Stone. 5.15 All in the Game. 6.00 Calendar (Emley Moor and Belmont editions) 7.00 Emmerdale Farm. 11.30 This Sporting Land. 12.00 Police Surgeon.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.02 Kid Jensen. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. Ok! including 5.30 Newsbeat. 7.00 Three in a Row (joins Radio 2). 10.02 John Peel (S) (also on VHF). 12.00-12.05 a.m.: As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) with The Early Show, including 6.15 Pause for Thought. 7.02 Ray Moore (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF) 2.02 David Hamilton (S) as Radio 1, but including on 200kHz only (also 1484kHz Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Three in a Row. 7.30 Robin Richmond: The Organist Entertains (S). 8.02 Among Your Souvenirs (S). 9.02 BBC Radio Orchestra (S). 10.02 Sports Desk (200kHz only, also 1484kHz Scotland, VHF joins Radio 1). 10.05 Hubert Gregg (200kHz only, also 1484kHz Scotland. VHF joins Radio 1). 11.02 Sheila Tracy with The Late Show (200kHz only, also 1484kHz Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

†Medium Wave only.

†6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Bach (S). 10.00 Academy of the BBC (S). 11.15 Bartok chamber music concert (S). 12.15 p.m. Cardiff Midday Prom part 1: Nielsen, Debussy. 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2: Mendelssohn. 1.55 John Williams guitar recital (S). 2.45 In Short (talk). 2.55 Violin and Piano recital (S). 3.40 A Little Light Music from the 1890s to the 1920s (S). 4.25 The English Musical Renaissance (S). 5.15 Jazz Today (S). 5.45 Homeward Bound. 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Work and Training. 7.30 Scottish Chamber Orchestra part 1: Corelli, Mozart, Haydn (S). 8.30 Why Did You Come So Late? 8.50 Concert part 2: Bach, Handel (S). 9.30 "Duologue" by Natalia Ginzburg (S). 10.20 Mitsuko Shirai as Mignon: Song recital (S). 10.40 Music in Our Time (S). 11.25-11.30 News.

RADIO 4

434m, 330m, 285m and VHF

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 Today. 7.35 Up to The Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 Today including news headlines, weather, papers, sport. 8.45 My appreciations. 9.00 News. 9.05 Tuesday Call († from 9.40). 10.00 News. 10.05 The Story and the Song. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Profile. 12.00 News. 12.02 p.m. You and Your Home and Family. 12.27 Desert Island Discs. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour († from 2.00) including 2.00-2.02 News. †2.45 Listen with Mother. 3.00 News. 3.05 Cousin Bette. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 P.M. Reports. 5.40 Serendipity. †5.55 Weather, programme news VHF Regional News. 6.00 News including Financial Report. 6.30 The News Quiz. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Scottish Chamber Orchestra part 1 (as Radio 3) (S). 8.30 Why Did You Come So Late? (as Radio 3). 8.50 Concert part 2 (as Radio 3) (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Hancock's Half Hour. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Fresh Assignment. 11.45 News.

For Schools (VHF only) 9.40 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 News Extra. 9.20 London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.) 8.30 All That Jazz. 10.03 Late Night London. 12.00 Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

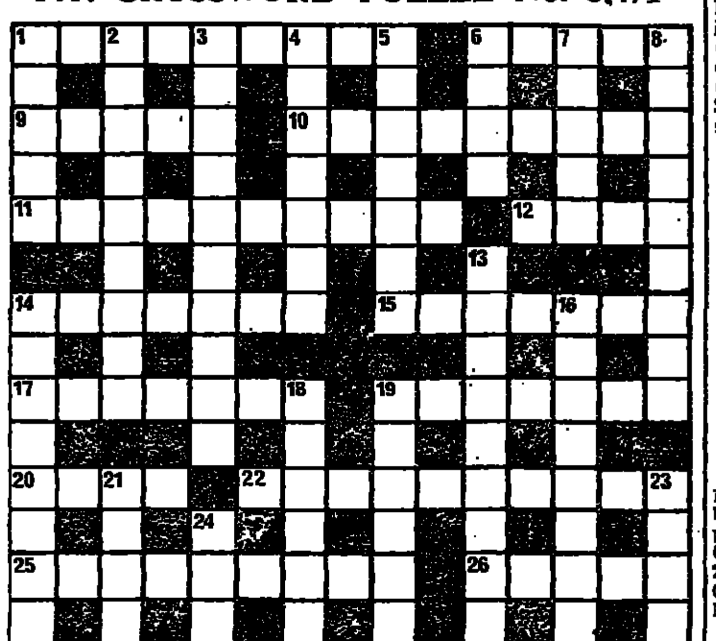
5.00 a.m. Morning Music. 6.00 a.m. "A.M."—breakfast-time show. 10.00 Brian Hayes. 12.45 p.m. Mid-day Report with Alan Clark. 1.30 LBC's after-lunch special. 4.45 *Afternoon Report.* 5.30 Newsbreak. 8.00 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

5.00 a.m. Graham Dene's Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash with Cash on Delivery. 3.00 p.m. Roger Scott with his Three O'clock Thrill. 7.00 London To-day. 7.30 Adrian Love's Open Line. 9.00 Nicky Horne's rock programme. 11.00 Tony Myatt's Late Show. 2.00 a.m. Duncan Johnson's Night Flight.

F.T. CROSSWORD PUZZLE No. 3,471



ACROSS
1 Medically speaking a reduction in criticism (9)
6 Cover G.B.S. left (5)
9 Mischievous characteristic of genteel vandal (5)
10 Chasing with English and talking madly (9)
11 Award for painter's work (10)
12 Employer making you and me hesitate (4)
14 Unusual iron club left out in river (7)
15 Having funds which are liquid (7)
17 Smoke her bird outside (7)
19 Shape beforehand but perform badly (7)
20 Clasp and gas snake (4)
22 Mad reason for transport (10)
25 Keeping soldiers I have posted round tent (9)
26 The general course of a voice (5)
27 Provide objective to Warrant Officer returning (5)
28 Preacher has to go and enchant Her Majesty (9)

DOWN
1 Lay out odds before the finish (5)
2 Cover up untidy bale but it may be retracted (9)
3 Supplier who may get less (10)
4 Not taken in but making half of us tidy up (7)
5 Copy to monopolise (7)
6 Vessels brought up for food (4)
7 A cruise coming up under another name (5)
8 Oral might need changing for an exponent (9)
13 Flying policeman? (10)
14 It may be a starter or chaser mixed before start of evening (9)
16 Eastern movement one left with feeling (9)
18 Providing implements for engraving (7)
19 Operation involving senior officer in crowd (7)
21 Full up and sad about note (5)
23 Go wrong and/or make a mistake (5)
24 Pole won coming up after a fall? (4)

SOLUTION TO PUZZLE No. 3,470

DRIVER VANGUARD
E N N I R D I
POTATO TROUTLET
I U I B Y E I H
CHINCHIN USABLE
T T E L P O R
SAID BLOODMONEY
O P A E O
CANDLEWICK STAB
A E S H W A
PAWPAW REMEDIAL
R S M R A T A
INTRUDER URCHIN
C T R A S I C
EASTERLY FETTLE

APPOINTMENTS

Senior executive posts on Board of Hargreaves Group

Mr. Frank Robinson has been appointed deputy managing director of HARGREAVES GROUP. Mr. Robert Strachan has become assistant managing director and Mr. Michael Buck, assistant managing director, finance.

★

Mr. A. Kiener, formerly of Trust Houses Forte, has joined Spillers as managing director of MARIO AND FRANCO RESTAURANTS.

★

Mr. C. H. Tidbury, chairman-elect of Whitbread and Co. and Mr. C. A. A. Eugster, a director of Kleinwort Benson, are to join the Board of BODDINGTONS' BREWERIES as non-executive directors from October. Mr. F. O. A. G. Bennett, the retiring chairman of Whitbreads, will remain on the Board of Boddingtons in a personal capacity.

★

Mr. Ralph Woolf has been appointed managing director of SCOTT BADER. He joins the company later this year.

★

Mr. Derek Jackson has been appointed to the new post of marketing director, FARREL BRIDGE. For the past three years Mr. Jackson has been manager in charge of the process engineering division.

★

From October 1, the following officers have been elected by the INSTITUTION OF ELECTRICAL ENGINEERS for 1977-78. Mr. John M. Ferguson, president; Professor Frank A. Benson, chairman, science, education and management division; Mr. Frank D. Boardman, chairman, control and automation division; Mr. Charles A. May, chairman, electronics division; and Mr. Donald J. Miller, chairman, power division.

★

Mr. C. J. Shaw has been appointed managing director of James Halstead Limited and Mr. David Vaughan has become managing director of B. M. Coatings. Both companies are members of the JAMES HALSTEAD (HOLDINGS) group.

★

Mr. J. D. Seem and Mr. H. Struthers, vice-presidents of the MORGAN GUARANTY TRUST COMPANY OF NEW YORK, have been appointed to the London office.

★

Mr. Rex Wilson has been appointed to the new post of *customer relations adviser to the* SOCIETY OF MOTOR MANUFACTURERS AND TRADERS.

★

Mr. L. J. Tolley has been appointed a director of FRANCIS SHAW AND CO. and has been elected chairman following the retirement from the Board of Mr. C. B. Drover.

★

Mr. C. K. R. Nunneley has been appointed a director of the INVESTMENT TRUST CORPORATION.

★

Mr. W. Burton has been appointed managing director of the newly formed CONWIN FREIGHT AGENCY, which is to be jointly managed by Air Wingate and Convoys, both of the U.K.

★

Mr. Peter Robinson, formerly managing director of Amari World Steel, is managing director of ROBERN STEELS, a new company formed to trade internationally in stainless and alloy steels. The other directors are Mr. Bernt Rathaus (chairman) who was with Satra U.K. and U.S. Steel International, Mr. David V. Ford and Mr. Keith Freeman, previously with Amari World Steel and Mr. Gaizka A. Ortuzar, who is also vice chairman of Ibertanica S.A. Amari World Steel has taken a minority interest in Robern Steels.

★

Mr. R. C. R. Toller and Mr. R. V. Mellon have been appointed chairman and vice-chairman, respectively, of COPPER DEVELOPMENT ASSOCIATION.

★

Mr. P. N. Thwaites, an executive director of ALEXANDERS DISCOUNT COMPANY, is to retire on September 30 and will be *taking up another appointment* in the City. Mr. D. W. Grant will become deputy to Mr. I. W. K. Smith, the managing director. Mr. G. L. Blacktop and Mr. G. P. Knight have been made managers and Mr. J. A. Dennis and Mr. A. L. M. Eastick, assistant managers.

★

Mr. J. S. Arber has been appointed chairman of FURNESS (RISK MANAGEMENT), a subsidiary of Furness-Houlder (Insurance).

★

Mr. Ken McLean has been appointed assistant managing director of PHONOGRAPHIC HIRE, a subsidiary of Associated Leisure.

★

Mr. Colin Fearnley has been appointed sales director of KERAX.

★

Mr. H. C. Waters has retired from Board of INCHAPE AND CO.

★

Mr. R. A. Burbridge has resigned as a director of COOPER INDUSTRIES.

★

Mr. O. J. Olcay is resigning from the partnership of W. GREENWELL AND CO. from September 23 but will remain a member of the Stock Exchange associated with the firm. Mr. Olcay is moving to New York and will become the general partner of W. Greenwell Associates, investment advisers.

★

Mr. K. R. S. Mackichan has resigned from the Board [...] SON INTERNATIONAL.

★

Dr. E. R. Wallsgrove [...] appointed a director of [...] INTERNATIONAL.

★

Mr. T. A. Ling bec[omes a] partner in FRESHFIE[LDS] October 1.

★

Mr. Ralph Emery h[as been] appointed general mana[ger and] Mr. Raul V. Ibarra deputy [general] manager, of the newly [opened] London branch of BANCO [DE LA] NACION ARGENTINA.

★

AUSTRALIAN MUTUA[L PRO]VIDENT SOCIETY. Mr. [...] well has been appointed [...] of the U.K. branch. Mr. [...] who has been manager [...] Society's money mark[et com]panies, A.M.P. Discount [...] tion and A.M.P. Acce[...] since 1971, succeeds Mr. [...] Wood, who will take u[p] duties at head office [...] retirement. The appointm[ents] take effect during October.

★

Mr. Martin Chatwin h[as been] appointed managing dir[ector of] GMS COMPUTING. He [was pre]viously deputy managing [...]

★

W. GREEN SON AND [...] Mr. Robert Greenwood ha[s joined] the company as operatio[ns direc]tor. Mr. Greenwood, w[ho was] previously technical dir[ector of] Masson Scott Thrissell E[ngineer]ing, will have responsib[ility for] purchasing, stock contr[ol, pro]duction planning and man[ufactur]ing of paper making m[achinery] products.

Plan to exte[nd] Derby airpo[rt]

A DETAILED study i[s being] carried out into plans for [an] extension to the runway [at] East Midlands airport t[o cater] for more international [flights] including Jumbo jets.

The plans for an extra [...] were put forward after [...] ing that Castle Doning[ton air]port near Derby might [...] at a standstill. Planning [permis]sion is also being sough[t for a] four-star 100-bedroom h[otel near] the terminal.

Faberge popular

THE EXHIBITION of w[orks by] Carl Faberge, goldsmith [to the] Russian court, at the [Victoria] and Albert Museum, Lond[on, has] been seen by 104,170 pe[ople so] far. It has been exten[ded to] October 23.

BY EDMUND ...ion

of of the ...

he tasting

Britain wins at Venice

by CHRIS DUNKLEY

n the Palazzo Labia watching eight hours n a day for two weeks e, a little like sitting back to the great d watching a crowd build sand castles. concentrate on the you have to ignore the walls and the d it happens that the w the Venice head- f Radio Televisione very nearly literally Tiepolo frescoes.

atching *There is no ychoanalysts to Ascer- ife is a Cemetery of Plans*, a treat from levision still in store e will be obliged to back on the astound- s of Tiepolo's "ban- opatra," or to *lower* from the extra- romp l'oeil on the d focus yet again unremittingly busy *reens. Still*, perhaps argued that to-day's es a camera instead . (Even if he does, is to be rather less ut now than there

ens are busy showing circuit to hundreds of ies and broadcasters s of countries the 59 programmes entered for the Prix Italia. 29 years ago as a *prizes for excellence* rogrammes, the Prix evolved into the ost enthusiastically elevision festival.

rizes are still pre- d these, too, carry tige than any others. lays, inevitably, it is that attracts the nbers and the greatest

last few years the as been particularly for the British. First been a quite unpre- pair of double in 1975 the BBC *th the* television documentary prizes y other TV cate- g music) and in nes Television dupli- feat for ITV. No other as ever managed the ce, let alone twice

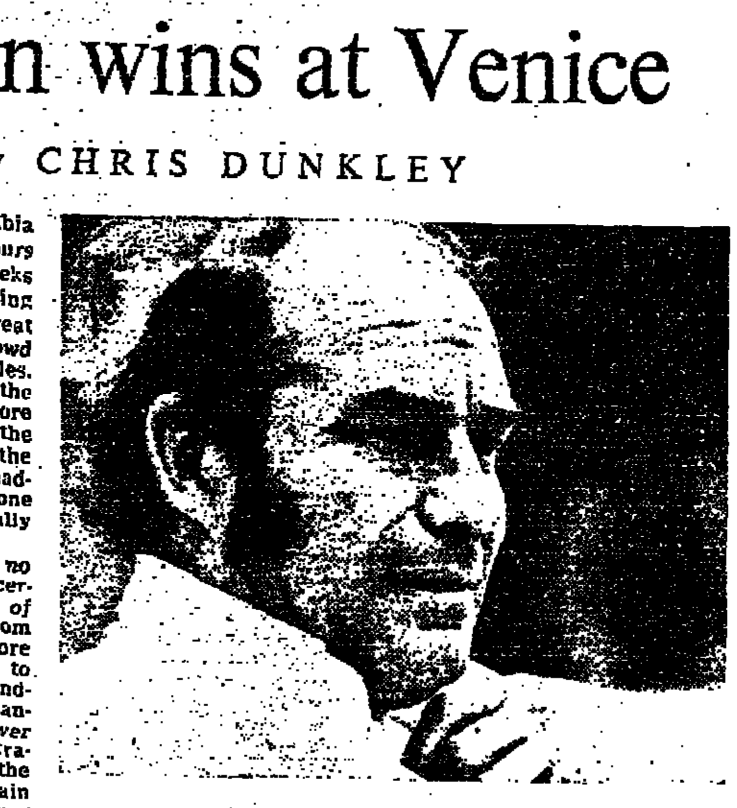
there has been for servers, as the results ply, the satisfaction of familiar but usually tiated claim that elevision is the Best orld" vindicated—and ational professional t that.

r British drama hopes g on *Spend, Spend*, ck Rosenthal's vivid biographical play about the pools winner Vivian Nicholson. With Thames Television's Head of Drama, Verity Lambert, on the jury ITV cannot enter that section.

For similar reasons the BBC cannot enter the documentary category: Richard Cawston, Head of BBC Documentaries, is a juror. However, ITV have put in Yorkshire television's *The Good, The Bad and the Indifferent*, Antony Thomas's study of the Church of England. This programme is from the same stable as *Johnny Go Home* and *Once in a Lifetime*: The programmes which have caused—and are even here in Venice causing—so much concerned discussion among the staff of British Television

As yet we have seen none of the documentaries, so there is no yardstick against which to judge the British programme's chances.

British hopes for another award to add to its success in the music section, may well depend upon *Spend, Spend, Spend* and compared to any of the seven other drama entries we have seen so far it looks very hopeful. Indeed, the whole of British Television drama looks quite magnificent when judged against the standard seen here so far, even though each entry is supposedly outstanding in its own land.



Britain's unequalled record of success in the world's leading television festival has been powerfully sustained with the announcement that both the music prizes in the 29th Prix Italia have been awarded to Britain.

The actual 'Prix Italia'—amounting to 15,000 Swiss francs in hard currency, but a great deal more in prestige—has been won by Thames Television's version of Benjamin Britten's 'St. Nicolas Cantata.'

The other award, a special prize of 1,250,000 lire offered by the festival organisers Radiotelevisione Italiana (RAI) to a programme for 'one or more specific qualities' has been won by the BBC's programme about guitarist Julian Bream's life and music, 'A Life in the Country,' (as seen above).

***The double* success, was almost an embarrassment to the large British contingent here. There are only three Prix Italia awards each year (and three RAI prizes)—for Music, drama, and documentary—and two years ago the BBC became the first organisation in the history of the festival to win the Italia prizes for both drama and documentary. Then last year Thames TV repeated the feat for ITV. For the same country to have won two prizes for the third year running is astonishing even for those of us forced into chauvinistic admission about British television now being 'proved' the best in the world. *After all, more than 20 countries from Austria and America to Russia and New Zealand are competing.* Moreover, the drama and documentary results are still to come.**

It must be said, however, that the results are something of a surprise because nobody, even among the British themselves, had suggested that the 'St. Nicolas' programme was a likely award winner. Competent and pleasant, it nevertheless seemed to lack the special flare or novelty which winners are expected to exhibit.

Variable

...tercolours £200,000 appeal

h exhibition of water- the *Royal Society of* n Water-Colours pre- Conduit Street has he show, which occurs year. Is considered best display of current his rather over-looked t.

the society goes back and has numbered de Wint, Sargent, lint and Dame Laura long its members and its has suffered from r views, at least in art that water colours are dium for elderly daubers.

ciety now has every to overcome this preju- just over two years it into new and ambitious premises on Bankside. Its lease *in Conduit Street is expiring, and* like many other institutions in the art world it is finding the new rents and rates in that area too heavy a burden.

On Bankside it has the ground floor of a new development and the gallery opens out on to the river. The problem, of course, is finding the cash to take on and construct a new home for British watercolours. An appeal has been started which has a target of £200,000. So far £82,000 *is gathered in. The Society hopes* that its new proximity to the City will encourage big financial interests to rally round. It is eager to co-operate, even to the extent of naming the new premises after a generous supporter as a permanent gesture.

A.T.

ecutive pos... Hargreave...

'Metamorphosis' returns to the Cottesloe

In October the London Theatre Group will make a return visit to the South Bank with Steven Berkoff's adaptation of Kafka's *Metamorphosis* to the National Theatre's small auditorium, the Cottesloe. It will play there for another four performances from October 21.

As well as the main October repertoire at the Cottesloe, there *will be a concert by the Albion* Dance Band on October 27, an illustrated lecture *Period Costume or Modern Dress?*, on October 6 by Robert Erskine, and an open meeting, admission free, of the Society of British Theatre Designers (10.30 a.m. to 5 p.m., October 29.)

Jazz at the Wigmore Hall

French jazz pianist Jack Dieval will give a concert of music ranging from Gershwin to *Duke Ellington at the Wigmore* Hall on Sunday, October 2 at 7.30 p.m. He will be accompanied by British musicians Arthur Watts on bass and Allan Ganley on drums. Guest singer *will be* Agnès Sarkis.

Art in Berlin

هكذا من الأصل

Dada and the New Reality

by WILLIAM PACKER

The Council of Europe's huge *four part exhibition, Tendencies* of the Twenties, that continues in Berlin until the middle of next month, is the fruit of the major recasting of the history of the modern movement that has been going on for some years past. As such, for modern art as we know to our cost continues to excite bitter *controvery, it is of* major interest not only to critics, scholars and artists but to the general educated public. For the perspectives by which we now see the early decades of this century have lengthened and broadened, and a new generation of historians has grown up to be fascinated by the *events, movements* and works of those times.

Last week I described the project as a whole in general terms, and went on to discuss the *section on Constructivism* and on Planning and Building. Now came the turns of Dada, the

The Entertainment Guide is on Page 31

second and larger of the shows *at the Academy of Arts, and of* The New Reality, which fills the Orangery of the Charlottenburg Palace.

Such categories establish themselves easily enough, and indeed they are a great convenience; but we would be wrong in taking them to be at all hermetic. The need to make constant reference across the borders of all four of them, offers both the chief opportunity and the great treat of the entire enterprise.

The section devoted to Dada is at first rather heavy going, and hard to make out, a dense and convoluted display, shown neither chronologically *nor in catalogue sequence*; it is easy to miss whole chunks altogether. But like is shown with like, one thing leading naturally to another, and gradually it all begins to clarify and make sense. The initial expenditure of effort is soon repaid; and having once encompassed the show, one finds oneself able to move freely through the maze, confirming the connections and relationships for *oneself. If the mass of material* thus presented is admittedly somewhat daunting, it's quality comes as a considerable and most welcome surprise.

For Dada has not always been considered the major creative influence it is now shown to be, let alone a movement responsible *for the production of fine and* beautiful things. If anything, it was written off as a bizarre, nihilistic sideshow, an interesting sociological symptom, perhaps, of intellectual disaffection during the Great War, marked by a few good jokes and general mayhem, but hardly important. It's sole achievement was to pave *the way for Surrealism, of which* far more people have heard something, and which several of its adherents subsequently embraced. Such neat and simple views, however, can no longer be sustained: and it is Surrealism that we now see taking a subsidiary, albeit still significant *role.*

Like Constructivism, with which we now see it has many surprisingly close links, Dada was international, in spirit if not in name bringing within its scope, it seems, the work of every avant-garde sect or cell. Simplicity and directness of means married to wit, perhaps ironical, perhaps bitterly satirical, are its abiding characteristics. Sometimes it is the elegant anti-art conceptualism of Duchamp, with his readymades and their disturbing implications, sometimes the formal sophistication of Schwitters, whose tiny abstract collages *made from whatever scraps* were to hand, tram tickets and such-like ephemera, are among the most beautiful objects in the show.

Collages are everywhere, from the word and typographical games of Baader, Haussman and Ball, that question implicitly the very nature of the work, and its status as art, to the overt political and social comment of Heartfield Grosz and Hannah Hoch. George Grosz is revealed as quite a hero, an all pervasive influence and everywhere in the show, now political collagist, now metaphysical painter, now satirical draughtsman and watercolourist. He is *a major figure* who, because of the particular nature of his material and the peculiar circumstances of his situation, has been labelled too closely, and his appreciation thus limited. The same is true, though to a lesser extent, of Moholy-Nagy, as happy with Constructivism as with Dada, a luminary of the Bauhaus, a marvellously subtle and inventive photographer.

Dada is rather more than the sum of its parts, and impossible to define. The universality of its application and influence is indeed the biggest of surprises. Clearly the self-styled Dadaists were just a few among the sympathetic many who were informed by a serious wish, readily understandable at a time when the world seemed to be falling apart, to *break down old orthodoxies* and test the most fundamental assumptions. Clearing and breaking up the soil are the violent first acts of cultivation; and the ideas born of the seeds put down by artists in the years spanning the Great War occupy us to this day.

The exhibition in the Orangery takes the story a little further, but on a narrower *front, dealing only with painting* and that only of certain related kinds: which is not to say that it takes a narrow view. The show consists of some 200 paintings, the work of 75 artists from 17 countries: it is sub-titled "Surrealism and the New Objectivity," and is, in effect, a demonstration of the *figurative element* in the modern tradition, from which are derived not only Surrealism as such, but also the more generalised surrealistic sensibility, sometimes barely more than a gentle sense of the incongruous, or an ironical detachment, that has in*formed all figurative painting* ever since. Thus, alongside the familiar work of Dali, Ernst and Miro, and its antecedents in Dada and the metaphysical paintings of de Chirico, Carra, Grosz again, and Morandi, we see something of the hefty classicism of Picasso, the forceful expressionism of Beckmann, the decorative domestic of Matisse, and Leger's proto-art-déco cubism.

These kinds of painting did not burst on an unsuspecting Europe along with the War; and the further back the period slips into history, the more apparent it is that they float happily in *the mainstream of western art* (a trip up-river soon takes us past post-impressionism and symbolism, for example, and on between romanticism and neoclassicism towards, and not so far away as all that, the fast waters of the late renaissance). But in the Orangery we do see them in a fresh context: and the spread of activity quite as much as the infectious energy of it, is most intriguing. Many familiar works are shown, and artists such as Magritte, Miro and Ernst to-day need no special pleading; but there are also splendid surprises, and a few real discoveries. Schad, Schlicter and Tamara de Lempicka can no longer be considered mere curiosities. Grosz I have mentioned already, and like him Max Beckmann emerges from this show as a major figure.

Tamara de Lempicka: Ce jeune fille en vert

Festival Hall

Mahler 2

The London Philharmonic Orchestra opened the 1977-78 Festival Hall season on Sunday with a superb performance of Mahler's Second Symphony, so magnificent that unkind comments about the concert programmes devised by the four non-BBC orchestras for the season must be temporarily stilled. On paper, it is true, the impenetrable rote of cautious, hardly varied clutchings at the popular repertory would seem to reveal only artistic bankruptcy; but, provided that the symphonic repertory is each time given with the intensity, fiery conviction, and strongly moulded playing that marked this Mahler account under Haitink, it may be worth visiting the *Festival Hall* this coming season after all.

After recent Prom performances of Mahler by conductors variable in their understanding of his musical world, the first movement of this *Resurrection* was like being plunged directly into the stream of Mahlerian inspiration. *One awoke* once again to the sense of the music: one was stirred once more to passionate interest in and enthusiasm for the vastness of its scale, the grand adventure of its ideals; one was freshly bound to the beauty of the textures and timbres by playing with nothing in it of *staleness or easily* dispensed familiarity, but which seemed to draw with fresh urgency on all the peculiar pathos and yearning of the music. It was not always perfect playing; faulty details made themselves heard—but only as if to remind the listener that human effort was being involved in a mighty undertaking. The achievement was admirable: for *after long and fruitful co-operation* (Haitink's tenth anniversary *with the LPO is currently being* celebrated), the conductor has encouraged an interpretation of the symphony long admired for its steady seriousness, on to *new levels of emotional power,* richness and freedom.

Many qualities now fuse in Haitink's Mahler. To the rock-solid command of tempo, felt always as a life-force under the progress of the movements, there is now joined a new interpretative elasticity, the supreme art of altering the current of the music without for a moment deflecting its course—the climaxes of the opening movement were not only in themselves of awesome splendour and weight, but peaks of a dramatic argument, arrived at with magisterial solemnity and ineluctable force. To the instinctive comprehension of the fire-and-brimstone Mahler is joined a new delight in the lyrical fancies of the middle movements—the A flat major balm of the *Andante moderato* was graced with phrases shaped and textures balanced with sometimes heart-stopping beauty.

Above all, one felt, to the conviction that Mahler's vision is of crucial seriousness and significance—a quality always *communicated by Haitink Mahler* performances—was now joined the dramatic flair of an opera conductor: one was led with such mastery to the Last Judgment, that only Mahler's own musical inspiration in the final choral apotheosis could finally fail one, unequal to the world-without-end of his intentions. It was a great evening, to the excellence of which the LPO Chorus, Heather Harper and Helen Watts contributed nobly; indeed, *the only small speck on it* was the distraction of the tardy (and applauded) entrance by the *soloists between first and second* movements.

MAX LOPPERT

Wigmore Hall

Academy of String Quartets

by RONALD CRICHTON

An international Academy of String Quartets recently gathered at the Britten-Pears School of Advanced Musical Studies which functions at the Snape Maltings. There were a number of distinguished teachers under the direction of Cecil Aronowitz. Sunday's Wigmore Hall recital, at which three of the ensembles participating were heard, was one of four given over the week-end. *The last of them took place in* Lavenham parish church in Suffolk last night.

On paper, the idea of hearing three different string quartets in rapid succession sounds more like a competition than a concert, but the programme of Brahms, Debussy and Bartok was well balanced, and each group had something to give. Each, by the way, is a young team recently formed, with some experience. They may as well be described *in* the order in which they appeared.

The Guadagnini Quartet (U.K., Ireland and Commonwealth) played Brahms in C minor warmly, sympathetically, and *in* the finale strongly, but with a tendency to slacken towards the middle of a movement. Intonation was not perfectly clean. Deviations were slight: all the same, they were the equivalent *of the difference between a glass* of water perfectly clear and one that isn't. Hearing Debussy's Quartet played in tune with bright, forward tone by the appropriately named Primavera Quartet, was like sudden Spring sunshine after the slightly turbid Brahms.

At their first appearance, the four young ladies from New York, dressed in shades of off-white, looked almost too Botticellian to be true, but there was no trace of excess languor in their fresh, spirited, yet sensitive playing. Their only fault was a failure to realise that in this hall *the softest playing will carry*—they were a fraction too loud for the more delicate pages. All the same, the slow movement, was *very lovely.*

The widest dynamic range was to be heard from the Robert Pinkler Quartet from Australia, who also showed remarkable control in the varied and demanding textures of Bartok's No. 1. Possibly the subtle difference in mood between the *first two movements* was not securely enough caught (because they are played without a break this becomes more, not less, important), but the playing as a whole made an impressive end to an encouraging afternoon. There are clearly a number of promising quartets on the way up. What about the audiences?

Awards for Radio—1977

Four hundred and fifty nominations have been received for this year's Imperial Tobacco Awards for Radio. This is more than *twice the number submitted last* year, of which 25 per cent. came from local radio.

The announcement of the winners and the presentation of the awards will take place on Tuesday, November 8, at The Institution of Electrical Engineers, Savoy Hill, London, W.C.2.

The awards will be presented by Lord Briggs, Provost of Worcester College, Oxford.

Elizabeth Hall/Albert Hall

Gelber and Richter

by DOMINIC GILL

When I last *heard the Argentinian* pianist Bruno Leonardo Gelber on the South Bank a few years ago, I found him a brilliant but curiously anonymous artist—tough and secure in his technique, but for all his virtues one who never quite caught the kernel of his music, or left us with any sense of overriding, compelling presence. The manner since then has become still more polished, and the technique, at its best, still more impressive. But Gelber is still a *pianist to* whom I do not warm quickly. At his recital on Sunday afternoon, the playing was as well-schooled, efficient and profoundly well-meaning as anyone could wish: but it lacked centre and penetration; at every stage it fell short of what might (and should) have been its mark.

There were fine moments everywhere: but most often they came too late, or were over-balanced by other, related miscalculations—Brahm's 16 Waltzes op.39 were delivered with admirable clarity and energy (and at *the end of* the set, a beautifully-timed appoggiatura), but without quickness of spirit or any kind of Ländler grace, essential catalysts. There was a sense of formula to the sound: each gesture learned by rote, each dynamic set to its grade—but inflexibility, so that after a little while the course of each piece became predictable, ceased to surprise.

In three Liszt pieces, Gelber took up the *habit of smoothing the ends of* almost every phrase, Arrau-like, with a little ritardando rubato—irritating mannerism, which robbed even the splendidly frenetic climax of *Harmonies du soir of dramatic* weight. He failed, too, for the same reasons, to catch the full force of the last, breath-crushing climax of the third Mephisto Waltz—though elsewhere he gave us plenty of demoniac glitter, and in the central section a page wonderfully persuasive sighing: the most exciting performance of the afternoon.

He ended with an uneven account of Mussorgsky's *Pictures at an Exhibition*: strong and clear of intent, but too anxious (notably in an alarmingly rubato *Vecchio castello*) to prove itself *espressivo.* The sound *again was dull, and the dynamic* grading unsubtle, restricted in the main to three distinct dynamic levels, *fortissimo, mezzo forte* and *piano*, with little in between. The unauthentic, but very effective, version of *Bydlo* which begins quietly and grows to a central climax calls in particular for more subtle treatment. The important *Promenade* between *Goldenberg and Schmuyle* and *Limoges* — presumably a memory lapse, not an alternative reading — was missed out entirely.

*

As a grand hors d'oeuvre to his solo recital at the Festival Hall next Sunday, Sviatoslav Richter appeared this Sunday at the Albert Hall with the Philharmonia Orchestra (since the first of this month no longer the NPO, but now re-possessed of their original title) under Riccardo Muti to play the C minor piano concerto at the centre of a Beethoven evening.

It was a serious account, strong and thoughtful, dressed in sombre colours—lit once or twice by shafts of radiant light. Muti's opening tempo was a firm, easy allegro, rather on the deliberate side of *con brio*, which Richter joined in gentle narrative, without perturbation or haste—a quiet story, told in full, luminous tones, hushed to half-voice at the magical *return of* the orchestra after the cadenza. The slow movement, a true largo, was proposed by Richter in the purest, most delicate pianissimo—miraculous tone-colour, at the very edge of audibility it seemed, but of a carrying power that filled every corner of the hall. No pause after the last chord, but directly *attacca* into the finale: again, a slowish tempo, solemn (though never severe), a *recollection of high spirits* in tranquillity.

Then, as an encore—not so much as a change of heart, but *in a sudden gust of high spirits*—Richter and Muti gave the last movement again, at the same thoughtful tempo, but more capriciously, struck with more powerful sforzando accents, and for the first time with quicksilver in the sound, clean-cut and brilliant. Marvellous contrast.

EUROPEAN NEWS

EUROPEAN COMMISSION DISCUSSES ENLARGEMENT

Call for commitment to democracy

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 19.

THE European Commission called to-day on EEC governments to sign a declaration affirming their commitment to maintain pluralist democracy as a fundamental principle of the Community.

The proposal emerged from private discussions between the 13 commissioners, presided over by Mr. Roy Jenkins, at the week-end. The meeting, at a country retreat in southern Belgium, was devoted primarily to trying to define how the EEC should deal with the prospective admission of Greece, Portugal and Spain.

The Commission is to start work shortly on a draft of the declaration, and has proposed that it should be signed on some historic occasion, perhaps on the day of the first direct elections to the European Parliament.

It is envisaged that the text would then be written into the membership treaties of each of the new members, so reinforcing, it is felt, their commitment to the development of their fledgling democratic systems and discouraging any future lapse into dictatorship.

Though the Commission has avoided saying so publicly, the proposal would also provide an additional safeguard for democratic principles in existing member countries, notably those like Italy and France, where the Communist parties enjoy wide support and could come to power in the foreseeable future.

The commissioners have, however, decided not to press for a formal mechanism, of the kind proposed earlier this year by Dr. David Owen, the British Foreign Secretary, for the expulsion from the EEC of countries which became undemocratic.

Such a mechanism, it is felt, would be difficult to operate; pressure could be applied more effectively on offending countries from inside the Community, through institutions like the Council of Ministers and the European Parliament.

The Commission also agreed that greater efforts should be made to involve countries asking for membership more closely in the development of the EEC's enlargement strategy. It is to propose a new EEC fund, of unspecified size, to assist the new entrants' economic integration to the point where they achieve full membership.

It is also felt that some way of involving the candidates in the EEC's internal political deliberations would be desirable. Though no precise proposals have been formulated so far, one possibility would be to invite the prospective members to attend political co-operation sessions, where EEC governments try to co-ordinate their foreign policies.

A major theme emerging from the Commission's discussions was that the EEC should not confront the agricultural problems arising from enlargement by attempting to extend to Mediterranean farm products the same agricultural policies applied to northern European markets.

This view conflicts with recent French demands for better EEC protection for producers of products like wine and citrus fruits. The Commission believes that such measures would only encourage unmanageable surpluses and that the EEC should aim instead to promote alternative sources of employment for *marginal producers by means of* an effective region policy.

Nine back IMF quota increase

BY OUR OWN CORRESPONDENT

BRUSSELS, Sept 19.

EEC FINANCE Ministers have reached broad agreement to support a general increase in International Monetary Fund quotas of up to 50 per cent., Mr. Denis Healey, the British Chancellor of the Exchequer, said to-day.

The general outlines of the Community's position will be formally presented by M. Gaston Geens, the Belgian Finance Minister and current President of the Council of Ministers, at next week's annual meeting of the IMF and World Bank in Washington.

Though the Nine have agreed that the proposed increase should be spread equally among all IMF members, some Governments, notably those of Belgium and Germany, want the bulk of it to be concentrated in the later credit tranches, to which the strictest drawing conditions are attached.

The German Finance Minister, Herr Hans Apel, has suggested that countries' first tranche of IMF credit, which is the most easily available, should be increased in value by as little as 20 per cent.

Some other EEC finance ministers see disadvantages in this proposal, however, arguing that needy countries have sometimes hesitated to borrow from the IMF because they feared unacceptably rigorous conditions for the management of their economies.

The EEC finance ministers also agreed to-day to hold special talks on ways of reducing unemployment in the EEC. These will take place on the morning of their next scheduled Council meeting on October 17, when the ministers are also due to try to settle the continuing dispute over the size of Britain's contribution to the Community budget.

Mr. Healey, who was in an especially ebullient mood to-day, painted a bright picture of the prospects for the British economy, in which the only dark spot was the continuing high unemployment.

He shed little new light, however, on the Government's short-term economic policy, reiterating previous hints by the Prime Minister, Mr. Callaghan, that it might take some reflationary measures before the end of the year.

Mr. Healey said, however, that the extent of such measures would depend on the size of wage settlements during the coming months and affirmed his belief that reflation should be "steady and continuous, rather than too much too late."

Finland's budget up 14%

BY LANCE KEYWORTH

HELSINKI, Sept. 19.

THE 1978 Budget Bill foresees public expenditure totalling FM.37.6bn. (£5.4bn.) next year. The nominal increase on the current year's budget (excluding supplementary budgets totalling FM.1.34bn.) is 14 per cent. but allowing for 13 per cent. inflation this year and an estimated 9 per cent. in 1978, the real increase is negligible. This is the third tight budget Bill in three years.

In presenting the Bill at the week-end the Government conceded that much more is required to stimulate the stagnant economy and relieve the record—high unemployment. But the funds just do not exist. The Treasury's cash position is already seriously strained. The 1978 budget is to be balanced by raising loans at home and abroad to a total of FM.2.20bn.

Income tax will be eased from March by a 13 per cent. adjustment of the progressive tax scales to cover inflation. Property tax will also be adjusted downwards, and some relief is promised in the taxation of dividends.

Most of the temporary reductions in employer's social security costs promised in the Government's stimulation programme in June are written into the Bill. But the weak relief that this affords to industry is partly offset by the increase in excise taxes on liquid fuels, the 7.5 per cent. rise in railway tariffs and 8 per cent. increase in postal charges to be imposed in January, plus similar increase in aviation and navigation charges. Truck-trailer combinations will be charged an extra tax.

While no major new social reforms are foreseen, the biggest increases in spending are in public health and social security, each 23 per cent. Public investment expenditure will increase by only 2 per cent. to FM5.8bn. Private investment is expected to decrease by 1.5 per cent.; no stimulus can be expected from new investment projects.

Imports are expected to increase by 1 per cent. in volume and 9 per cent. in value. The good news in the budget forecast for 1978 is that the trade deficit should shrink to about FM1bn. and the current account deficit to some FM1.64bn. But the forecast of 2.5 per cent. growth in total production, versus almost no growth this year, may be over-optimistic.

Episcopalian split

Leaders of the 3m.-strong Episcopalian Movement — America's equivalent to the Church of England—are facing a major split caused by the church's decision to ordain women as priests, Reuter reports from St. Louis. A group of some 1,500 dissident Episcopalians decided at a convention at the week-end to form a break-away group called "the Anglican Church in North America."

The Financial Times, published daily except Sundays and holidays. U.S. subscription $178.00 (air freight) $334.00 (air mail) per annum.: Second class postage paid at New York, N.Y.

Karamanlis announces date for election

By Our Own Correspondent

ATHENS, Sept. 19.

PRIME MINISTER Constantine Karamanlis to-day told opposition leaders that he intends to ask the President to call a general election on November 20—nearly a year before Parliament's term ends.

An official announcement said the Government believes that national problems facing the country—the Cyprus issue, Greek-Turkish disputes over territorial rights in the Aegean, and Greece's negotiations with the EEC for full membership—will enter a decisive phase next year.

"Because of this, it is evident that national interests dictate that these problems are faced by a Government enjoying a recent popular mandate, instead of being dragged into the whirlpool of a protracted pre-electoral period," the announcement said.

It added that, in accordance with the constitution, the Premier will recommend to President Constantine Tsatsos that Parliament be dissolved in October and a general election called on November 20.

Mr. George Mavros, the leader of the union of the Democratic Centre, the main opposition party, described the Prime Minister's decision to hold early elections as "a gross constitutional irregularity."

He accused Mr. Karamanlis of trying to be the arbiter of the country's political life, assuming the powers designated by the constitution to the President. He said he failed to see how Mr. Karamanlis, who commands 215 of the 300 seats in the present Parliament, could better deal with the country's problems after new elections.

Reuter adds: The New Democracy Party of Mr. Karamanlis was elected with an overwhelming majority in the last election in November 1974. Observers here believe Mr. Karamanlis will win the next election but could see his strength reduced.

W. German defence budget shows more spending on arms purchases

BY JONATHAN CARR

BONN, Sept. 19.

WEST GERMANY will spend substantially more on weapons and ammunition procurement next year, although the growth of the defence budget overall is relatively modest.

The rise can be made chiefly because a tight rein is being kept on personnel costs and military construction. This is being used by the Ministry as an example of its determination to get still more value for money.

According to the 1978 budget estimates, just approved by the Cabinet, defence expenditure will rise against 1977 by only 4.3 per cent. to DM34.2bn. This is the second largest budgetary item after labour and social affairs, but the rate of increase is among the smallest in what is overall a markedly more expansionary budget than in previous years.

However, expenditure on procurement of military material will rise by 18.8 per cent. to DM7.5bn., thus taking 22 per cent. of the defence budget, against 19 per cent. this year. Further, DM1.7bn., or 7.7 per cent. more, will be spent on research and development, chiefly on a new generation of weapons. Overall investment spending in the defence budget is increasing by 11.4 per cent., to DM11.1bn.

Against this, personnel costs will be down by 0.1 per cent. to DM14.56bn.—or 42.6 per cent. of the defence budget, against 44.3 per cent. this year. Expenditure on military construction will also fall by 4.2 per cent.—against an increase this year of more than 17 per cent.

President Walter Scheel of West Germany to-day sharply criticised foreigners who claimed that the country was again on the path to fascism.

Speaking to an international audience in Hamburg, he said that irresponsible judgment of the country provoked counter-charges from Germans. Such a chain reaction was the surest way to make European unity impossible.

The President thanked foreign statesmen who had presented a fair view of the situation in West Germany, a situation overshadowed at present by the kidnapping of the industrial[ist] Hanns-Martin Schleyer [and a] widespread debate on ho[w] terrorism can be combat[ed].

But Herr Scheel said [his] satisfaction at these [...] sals had been counter[ed] by other commentaries [which] were just the reverse. [...] that the Germans had lear[nt the] lessons of the past, but people abroad had not [...] this. Germany was grat[eful for] foreign criticism, but n[ot for] those who doubted its dem[ocratic] substance.

Herr Scheel was giv[ing the] clearest official respons[e to] what have been widely [seen in] Bonn as unfair foreign [...] the German democratic [...]

Meanwhile, it was reve[aled to-]day that two of the thre[e body-]guards, who were wi[th] Schleyer when he was kid[napped] two weeks ago, fired [...] times before being shot themselves. This announ[cement] follows rumours that the defenders had been insuf[ficiently] prepared and had their [...] in the boot of their car.

Italian crisis avoided

BY DOMINICK J. COYLE

ROME, Sept. 19.

THE ITALIAN political parties—including the Communists, who are maintaining the minority Christian Democrat Government in office—have reacted critically to the minor Cabinet changes of last night. But they are not intent on bringing on a new political crisis.

Sig. Giulio Andreotti, the Prime Minister, has refused to bow to opposition demands for the sacking of Sig. Vito Lanttanzio, the Defence Minister, over the escape from military custody here last month of the former German SS officer Herr Herbert Kappler.

However, the Premier has exchanged the portfolios of Sig. Lanttanzio and Sig. Attilio Ruffini, the Transport Minister, and considers that the direct *political consequences of the* Kappler affair are now resolved.

The neo-fascist Right thinks otherwise, and demanded to-day a full Parliamentary debate on the changes.

The Communist Party, and the other parties who have reached an agreement with the Christian Democrats, are far from happy with the outcome. But Sig. Andreotti has acted quickly and, for now, successfully to outmanoeuvre his opponents and place on them the onus of voting out his minority administration, if that is their intention.

The indications are that it is not. Sig. Enrico Berlinguer, the Communist Party general-secretary, has indicated the party's continued backing for the Government in a speech in which he said that Italy was ungovernable with either the Left or the *Christian Democrats in outright* opposition.

Ekofisk gas on market

By Fay Gjester

OSLO, Sept[. 19.]

NATURAL GAS deliverie[s from] Norway's Ekofisk field to [Conti]nental markets began [at the] week-end, eight days afte[r Den]mark agreed to allow shi[pments] through the Ekofisk/Emde[n pipe]line, which crosses the [Danish] shelf. This is the firs[t Nor]wegian gas to be sold [on the] Continent.

Meanwhile, BP/Conoco [have] terminated drilling operat[ions on] their well 3A, on Block [...] Norway's continental she[lf. It] was the first appraisa[l well] drilled after a promisin[g find] was made last summer o[n] 7/12-2. Tests of the ap[praisal] well, drilled to the south[...] the structure, produced water. Another apprais[al well] will now be sunk higher [on] the structure, using the sa[...]

ance plans to continue bs on pay and prices

CURRY

PARIS, Sept. 19.

H Government has continue to apply s on the economy achieve its priority storing the balance bringing about a company finances unemployment. it will retain a 6.5 orm for price in- ose further wage itrol the growth of ipply carefully and rates to protect the franc.

rtions are made in policy statement e 1978 budget. This owngrades forecasts performance this offers modestly edictions for next tes that progress lo will create a chological context e more favourable rading of forecasts le originally at the introduction of the year ago comes as These forecasts have heavily trimmed ummer. Economic 1977, originally put at, is now down to . Next year, the is counting on a er cent. increase in e to push up growth id 4.5 per cent. in household con- down to 3 per cent. , and for next year ent expects improve- cial benefits to add around 1 per cent. to the 1977 figure.

The hope of a 2.5 per cent. investment expansion this year has been severely disappointed, with the likely figure being only 0.6 per cent., companies raising investments by only 2.2 per cent. and public investment falling in the same proportion. The disappointing result this year certainly owes something to a much more sluggish reconstitution of stocks than originally anticipated, since the actual build-up will apparently be no more than about half the Frs.20bn. hoped for.

The fifth and last of France's fleet of nuclear missile-carrying submarines was launched over the week-end at Cherbourg, writes David Curry. Le Tonnant will be equipped with 16 M-20 missiles each carrying a one-megaton warhead and with a range of 4,000 kilometres.

The policy statement also contains its good news: chiefly evidence that the Barre plan is bringing wage and price increases under control. Price increases should be some 9.5 per cent. in 1977 (and about 8.7 per cent. measured by the monthly price index) rather than last year's 9.8 per cent. In 1978, an increase closer to 7 per cent. seems likely on the basis of the figures given in the report, with nominal wages being allowed to settle at 2-2.5 per cent. higher than that.

On the contentious wages front, the statement says that this year the average rise in hourly wages should be about 12.4 per cent. against 14.8 per cent. last year. The purchasing power of the hourly wage is likely to register a 2.8 per cent. increase during this year, and the average salary to be up by 2.1 per cent. in real value. The policy of refusing to honour agreements incorporating guaranteed increases in purchasing power has been a main plank of incomes policy over the past year.

The as yet sluggish move towards a more stable trade balance has been encouraged by an improvement in export volume (6.6 per cent. is forecast for 1977) while imports have virtually stagnated. Official experts are now putting the likely current account deficit at Frs.16bn. against last year's Frs.29bn. A sharp improvement is clearly expected next year, although the Government is obviously apprehensive about a new rise in oil prices.

The Government's statement, which apparently was carefully vetted by the Prime Minister, M. Raymond Barre, personally, seems to exclude the possibility of any sweeteners being offered to the electorate ahead of the March 1978 general election. The introduction of a radically expansionist policy by a left-wing Government would, of course, make the latest forecasts irrelevant overnight.

Portugal repays $300m. U.S. credit

By Our Own Correspondent

LISBON, Sept. 19.

FIVE PER CENT. of Portugal's gold reserves—some 46.2m. kilos—has been transferred to the United States Treasury in settlement of a $300m. credit contracted in February through the U.S. exchange risk fund. At the end of last year, Portugal had 861 tons of gold, 306 tons of it in use as collateral for loans.

According to the National Statistical Institute, the trade deficit from January to July totalled Esc.57.445bn. ($820m.) showing an increase of more than Esc.23bn. ($335m.) over the same period last year.

Meanwhile, Socialist leaders met at Premier Mario Soares' summer residence in Sintra at the week-end. The Socialists are seeking to rally support around an emergency platform to guarantee parliamentary stability, avoiding lengthy debates and concentrating on national recovery. Party leaders are understood to have given Sr. Soares the go-ahead to restructure the Government at the first opportunity. With the recent resignations of the Treasury and Planning State Secretaries, vacancies and important financial posts are likely to be filled by social democratic technocrats.

It was also decided that left-wing party members affiliated in the worker fraternity movement, among them the controversial former Minister of Agriculture, Sr. Lopes Cardoso, must decide between the party or the movement.

● After marathon negotiations, the strike by pilots of the national airline TAP ended early to-day. The pilots claim a 100 per cent. victory. The Government met their demands by readmitting the two dismissed commanders, and appointing the desired operation flight commander.

Heavy shelling continues in new S. Lebanon fighting

BY IHSAN HIJAZI

BEIRUT, Sept. 19.

ARTILLERY duels between Palestinian guerillas and Israeli-backed Christians in southern Lebanon continued to rage to-day but no movement of troops was reported.

There was no confirmation of reports that the Palestinians had taken the offensive, and were advancing on the Christian stronghold of Marjayoun, about five miles from the Israeli border. Hill tops located between Marjayoun and the Palestinian-held town of Khiam were the scene of the heaviest fighting during the past three days.

The Palestinians said that they had recaptured the strategic Shuraiki Hill, but lost another after the Israelis and Christians launched a tank attack overnight.

Accurate casualty figures were not immediately available, but the new round of fighting has forced hundreds of families out of their villages in the Nabatiyah area.

The town of Nabatiyah itself, which is under Palestinian control, was badly devastated by constant Israeli and Christian shelling, according to eye-witnesses.

Mr. Yasir Arafat, Chairman of the Palestine Liberation Organisation, who claims to have taken personal command of "war operations" in the south, has sent urgent messages to Arab Heads of State calling for assistance against Israel in southern Lebanon.

At the week-end tension rose as Israeli forces were reported here to have moved into the area around Metulla, just across the Lebanese border, poised to strike in force. Fifty tanks and two battalions were said to be poised to strike in an effort to assist the Christian militiamen to dislodge the guerillas from their positions near the frontier.

The intervention was apparently planned after an Israeli-backed assault by the right-wing Phalangist forces had failed.

With the help of Israeli tanks, the forces first entered the villages of Kfar Chouba and Kfar Hamam, three miles from the Israeli border on the slopes of Mount Hermon, and tried to advance from there to the Palestinian-held town of Khiam. Simultaneously, Christian troops entrenched at Marjiyoun to the east pounded Palestinian positions in Khiam.

The Christians coming from the West made little progress.

Their advance was checked at a hill which overlooks Khiam, located about two miles from Israeli border.

Analysts here said Syria, which had re-established the balance of power in the south last February by helping the guerillas push the Christians back, will not allow the weakening of the Palestinians at the time negotiations on the Middle East were entering a crucial stage.

Analysts here believe that the Israeli strategy is to establish control in southern Lebanon from the border to the Litani River. The Israelis had already set the river as the "red line" beyond which, they warned, the presence of Syrian troops of the Arab League peace-keeping force will not be tolerated.

Mr. Arafat said last week that he had received indirect warnings from the Israeli military command that he should order his men to fall back north of the Litani. Israel clearly would like to avoid direct occupation of the area and aims instead to help the Christians gain control there, under Israeli supervision.

David Lennon adds from Tel Aviv: The Israeli army has stepped up its preparedness on the Lebanese border, because of fears that the Syrian forces may intervene in the fighting in southern Lebanon.

However, there are no indications so far that Israel has increased its military assistance to the Lebanese Christians. Israel has already acknowledged that it aids the Christians by shelling the Palestinian positions, and that it has supplied the Phalangist fighters with arms and ammunition.

The next step in Israeli involvement would be the introduction of ground troops, a major step which, if revealed, could lead to serious repercussions—perhaps even a new Middle East war.

While Israel is determined to try to clear the Palestinian fighters away from the border, it is not certain that the Government here would be willing to risk a full-scale war to attain this limited objective, which Israel hopes can be achieved through pressure on the Lebanese and Syrian rulers of the country.

The escalation in the fighting over the past few days, and the successes of the Christian forces, have increased the feeling here that the Syrians may sooner or later move to support the Palestinian forces.

Official sources told Israel Radio that there have been no Syrian troop movements so far either along the "red line" north of the Litani River, or on the Golan front.

Reporters in Metulla said that after a night of heavy shelling, the fighting appeared to have died down this morning.

Saudis deny U.S. treaty reports

By Our Own Correspondent

BEIRUT, Sept. 19.

SHEIKH Mohammed Abal Khail, the Saudi Arabian Finance Minister, has strongly denied allegations that his country had concluded a secret treaty with the U.S. over oil and financial co-operation.

The Minister, who is also chairman of the Saudi-American joint commission for economic co-operation, dismissed as "outright fabrication" reports which had appeared in the West about such a treaty, in an interview published here to-day in the daily Al Anwar.

A London-based publication, International Currency Review, had reported the alleged treaty was concluded with the Ford administration and endorsed by President Carter.

Under the alleged accord, Saudi Arabia reportedly promised to invest 50 per cent. of its balance of its oil payments surplus each year in non-redeemable United States bonds at 7.5 per cent., and at maturities of as long as 25 years. In addition, the Saudis allegedly agreed not to raise the posted price of their crude by more than five per cent. at a time, whatever the size of price rises adopted by other OPEC members.

The report received wide circulation, and was cited recently by Mr. Mohammed Hassan Heikal, the former editor of Cairo's al Ahram, as evidence that the Arab oil weapon was no longer effective.

Sheikh Abal al Khail said his country was a target to a systematic campaign "because the kingdom constitutes the central weight of financial support for the Arab cause." He also denied allegations that there was an unsuccessful coup attempt in Saudi Arabia last July.

AYS IN RUSSIA

Taking a healthy rest

BY DAVID SATTER IN MOSCOW

T masses are once ing away from the orts, back to school The biggest exodus rom Sochi, the coun- al health resort and pital of the "Russian ere at the height of holiday makers were a rate of over 50 nd 100 flights a day.

1 in the 1930s as a orking people, Sochi ds for hundreds of the Black Sea. It is a rdens, cypresses and crowds milling along nades and rows of h rise sanatoria and rs the distractions of resort, notably miles it it also prides itself "city of health." Of sitors to Sochi last 1m. received some dical treatment.

homes and sanatoria ally built because of ity of the Matsesta sulphide mineral w the basis for the on's largest physio- establishment, where ents a year are given s of the joints, heart, nervous system.

the lush, sub-tropical different sides. The and rest homes are viet trade unions and he organised side. Be- cal treatment in the sanatoria, they generally provide semi-private rooms, landscaped grounds, exercise and recreational facilities, and a secluded stretch of private beach.

But most of the hundreds of thousands who pour into Sochi at the height of the season do not stay in the rest homes or sanatoria. These "wild people," as the Soviet press calls them participate in the unorganised side of Sochi life—a world of cots in private homes for roubles 1.50 (say £1.20) a night, busy arcades, long queues at restaurants and waterfront cafes, and beaches so crowded that there is hardly room to sit.

Novelty

The Black Sea has the warmest sea water in the Soviet Union. Summer weather there lasts from May until November. The novelty particularly for visitors from Siberia and the far north, whose fares to Sochi are frequently government-subsidised, may be why the air and water temperature are continually announced over public address systems. As a change, visitors can take an interest in the radio and poster propaganda campaign against alcoholism and smoking.

The Metallurg Sanatorium, which serves Soviet engineering workers, specialises in treating cardiovascular and neurological ailments. Treatment begins at 8 a.m. each morning for half a day with special exercises, examinations, treatment, diet and trips to take the waters of the Matsesta springs.

"Wild people" who do not get a place in a sanatorium can buy a treatment entitling them to use a sanatorium clinic and its other facilities. Packages can even be purchased following a medical examination at the Sochi railway station, provided by an on duty doctor for new arrivals, just getting off the train.

Sochi grew up around the idea of organised rest, but because of the attraction to individual visitors to the Black Sea coast and the Matsesta waters, the "wild" side of life grew up along with it. Demand for places in rest homes and sanatoria in the Soviet Union is now several times greater than the supply, and no programme of major resort construction is currently under way.

Although there can be more than 600,000 visitors to Sochi at any given time during the season, there are only 200,000 rest home or sanatoria places. This shortage gives rise to the two different ways of vacation life. The difference is visible from one of the hydrofoils which regularly carry passengers between the resorts up and down the coast. From several miles out to sea, the green foothills of the Caucasus mountains form a backdrop to a chequered pattern where densely crowded beaches alternate with the beaches of the rest homes and sanatoria which appear all but empty by comparison.

The sanatoria or rest homes are inexpensive. In the Metallurg Sanatorium, the maximum cost of four days of treatment and rest costs 160 roubles (£127) of which roubles 48 (£38) is paid by the patient, the rest by his trade union. Places are frequently apportioned by an organisation on the basis of that organisation's own needs. Individuals who work in different ministries or organisations, even if they happen to be married to each other, are frequently given different packaged vacations, at different places and different times. Only about 30 per cent. of those in the Sochi sanatoria or rest homes come with their families, compared with an estimated 90 per cent. of those who come to Sochi under their own steam.

At the height of the season Sochi is a mix of Russians, Armenians, Georgians, Ukranians, and Tatars, and feels like the summer crossroads of the Soviet Union. Those who cannot get places at the rest homes or sanatoria make arrangements with the private owners whose wooden cottages line the shaded by-ways and streets. Typical "wild people" live four to a room, and either reserve places by writing in advance or make arrangements on arrival with a landlady waiting at the railway station or through the nearby apartment bureau.

Foreigners

Sponsored visitors and the "wild people," as well as the foreign tourists who make up a third and growing category of Sochi holiday makers, seem to co-exist happily.

Sochi has no serious crime problem, attributable perhaps to measures like a ban on sleeping on benches, on the beach, or in the parks which is intended to prevent the "wild people" from becoming too wild. There is relaxed atmosphere along the boardwalk with a relative absence of hortatory political signs.

The Moscow newspapers do not arrive until the second half of the day. At night, the sounds of western rock music drift out over the harbour. Couples — newly joined or long established — walk arm in arm along the shore.

Parties clash in Pakistan pre-election campaigning

ISLAMABAD, Sept. 19.

ONE MAN was killed and three people wounded, sources said, as violence erupted on the first day of campaigning for the Pakistani general election, to be help next month under army supervision.

The man who was killed was shot in Lahore, according to the sources, where rival political groups fought a gun battle over the right to plant party flags. The parties involved were the National Alliance and the People's Party, the latter headed by Mr. Z. A. Bhutto, the Prime Minister, who was ousted by the military in July.

He was arrested by the army yesterday and is to face a court martial on charges concerning alleged misconduct during his 5½ years in power.

The arrest has almost certainly eliminated him from the election, which will be held on October 18. Reliable sources said that his court martial would probably start in Karachi in three or four days' time.

Lahore was the scene of much of the political violence waged by the National Alliance to oust Mr. Bhutto after alleged vote-rigging in a general election in March. At least 350 people died in the four-month crisis before the army took over.

The man reported shot dead yesterday was a middle-aged supporter of the National Alliance. Two workers for the People's Party and a passing child were wounded in the shooting.

The sources said that National Alliance supporters later broke into the emergency ward of a hospital and stabbed one of the wounded.

Near Mr. Bhutto's home town of Larkana, in Sind province, about 300 people damaged railway track and signal equipment, stopping a train and forcing its passengers to disembark. They were protesting against the detention of Mr. Bhutto. Police arrested 25 people.
Reuter

Police fire on youths in Soweto

By Our Foreign Staff

POLICE FIRED shots in two separate incidents in the black township of Soweto yesterday when youths began stoning them, according to Major General David Kriel, head of riot police. One youth was arrested, but as far as was known no-one was injured. Gen. Kriel said between 10 and 15 young people stoned a train and several cars and then attacked police.

"One revovler was fired but no-one was injured," he said. "The youths ran away and there were no arrests." One youth was arrested in a second incident, he added, when police were stoned as they tried to prevent the intimidation of pupils attending a high school in Soweto.

In a separate development, a petrol bomb was thrown at the home of Mr. Percy Qoboza, the editor of the black daily newspaper, the World, in Soweto early yesterday morning. The bomb failed to ignite and there were no injuries and little damage to the house.

Mr. Qoboza, whose newspaper is the largest circulation black daily in South Africa, said he and his wife and children were awakened at about one o'clock in the morning by a "loud bang." Damage to windows was estimated at about Rand 50 (about £35).

The World has been outspoken in its criticism of the white rulers of South Africa, and recently the Minister of Police, Mr. Jimmy Kruger, indicated that the Government might take action against the journal, including closing it down, if Mr. Qoboza continued his attacks.

Mrs. Gandhi goes on tour

BY K. K. SHARMA

NEW DELHI, Sept. 19.

IN HER bid to stage a comeback, Mrs. Indira Gandhi, the former Prime Minister, paid a day's visit to Rae Bareli in Uttar Pradesh where she was defeated in the parliamentary elections in March. She addressed a number of public meetings on the way drawing large crowds who gathered more out of curiosity than to demonstrate their support to her.

She was followed from Lucknow, the capital of Uttar Pradesh, to Rae Bareli, 50 miles away by a fleet of cars occupied mostly by local and foreign journalists, and two bus-loads of slogan-shouters. Mrs. Gandhi was apparently pleased with the response.

At Rae Bareli she displayed her fighting instinct and determination to hold on by braving brickbats from a small section of the crowd. Some people even chanted "go back" and waved black handkerchiefs. She received applause from others in the crowd. She thanked the town's voters for returning a Congress man in the state assembly elections held in June by and defeating a Janata candidate.

Mrs. Gandhi said she would not be worried if she was arrested because "it will actually benefit me and my party." She held that the nation was heading for a crisis, that the welfare plans initiated by her Government were being shelved

Cholera moves to Kuwait

KUWAIT, Sept. 19

KUWAIT to-day officially reported travellers from other, unnamed, Arab countries had introduced three cases of cholera into the country as the disease continued to spread in the Middle East.

Meanwhile, Jordan prepared a co-ordinated drive with Saudi Arabia to bring the outbreak under control and avert the potential catastrophe of it exploding in the ranks of up to 3m. Moslems expected to flood into Mecca in the next two months.

Kuwaiti Health Minister Abdel Rahman al-Awadi said three cases had been discovered "during the past few days."

● In Jordan the epidemic continued spreading with 14 new cases reported on Sunday to bring the total cases in Jordan since last month to 351 though there have been no deaths.

The government has allocated $300,000 to finance a nation-wide clean-up campaign

● In Syria the "National Committee to Fight Cholera" announced that 42 new cases were registered to-day in eight various governorates including Damascus and Aleppo. On Sunday 57 cases were registered.

The total number registered since the epidemic started last June reached 2,392. The number of deaths remained at 72.

● At least 111 people died of cholera in Bangladesh last week following floods in the north and east of the country, according to government figures

The Government and the World Health Organisation have launched an intensive campaign to prevent the disease from spreading further. (Agencies.)

CONFERENCE ON THE ANTARCTIC

U.K. calls for exploitation accord

THE BRITISH government called yesterday for an international agreement to regulate future exploitation of resources in the Antartic, and warned that failure to achieve this may result in "despoiling" the Antartic environment and "decimation" of its resources.

Addressing the opening session of a 13-nation conference in London on the Antartic, Mr. Ted Rowlands, Foreign Office Minister, said that some countries want regulation of resources on the continent to be based on claims to territorial sovereignty, while others refuse to reorganise these.

Calling for a compromise between these viewpoints, Mr. Rowlands warned, without an agreement, the Antartic environment may be despoiled and Antartic resources decimated once again.

The conference brought together officials from the 12 countries which signed the 1959 Antartic Treaty designed to ensure peaceful use of an area which comprises of the world's land surface, and free development of international scientific co-operation in the area.

The treaty outlawed use of the Antartic for military or nuclear purposes.

The 12 original signatories were Argentina, Australia, Belgium, Chile, France, Japan, New Zealand, Norway, South Africa the USSR, Britain and the the U.S. Poland joined it later.

The conference of officials from the 13 countries was to continue until October 9. This was its ninth meeting since 1959.

The main purpose of the meeting was to devise a framework for possible exploration and exploitation of resources without harming the environment.

The conference sought also to head off the displacement by unregulated competition for resources of the Antarctic could replace existing co-operation.

Mineral, hydrocarbon and marine life resources of the Antarctic could soon become a commercial proposition. Geological investigations have indicated the possibility that, beneath the 1.2 miles of ice, iron and uranium exist. Exploitable deposits have not yet been found.

The greatest marine life resource is krill, a small, shrimp-like crustacean rich in protein. Conference officials said that the potential annual catch of krill in the area is between 50-100m. tons.

Scientists also believe that there may be off-shore oil deposits, although it is not yet feasible to prospect for these.

Conference officials said that Britain wants any future agreement to protect these resources to be limited to the current treaty member states. They said that the British government argues that, if the Antarctic were brought under the control of a global agency, such as the UN, it would be more difficult to achieve the level of co-operation which has been possible within the framework of the treaty.
UPI

Australian energy investment predicted

By Kenneth Randall

CANBERRA, Sept. 19.

CAPITAL expenditure in Australian energy industries over the next 10 years are expected to exceed $A20bn. (£12.5bn.), according to official forecasts made public to-night by Mr. Douglas Anthony, the Deputy Prime Minister. He said that this sum would represent about 10 per cent. of gross investment in Australia over the decade. The key areas involved were coal, oil and natural gas and uranium.

He said that reserves of black and brown coal, which could be mined at current prices and with current technology, were about 32bn. tonnes—1,000 times the current annual level of Australian exports. Mr. Anthony, who is also Minister for National Resources, said that the Gregory (BHP) and Norwich Park (Central Queensland Coal Associates) coal projects in Queensland would supply an additional 7.3m. tonnes a year of high-grade coking coal from the early 1980s. Their development over the next three years would involve expenditure of about $A450m. (£283m.).

Feasibility studies were continuing with other Queensland coal projects at Hail Creek, Nebo, Blair Athol, German Creek and Oaky Creek. Total expenditure on these projects, if they went ahead, would be between $A2.5bn.-$A3bn. (£1.6bn.-£1.92bn.).

The same order of capital expenditure would be needed to bring the North-West Shelf natural gas fields into production.

Current projections of capital costs to develop uranium projects over the next 10 years were about $A1bn. (£640m.) at current prices.

China campaign against army radicals

PEKING, Sept. 19.

ONE OF China's most respected marshals said to-day that a campaign was under way within the Army to destroy any remaining influence of ultra-left-wing followers of the purged "Gang of Four."

Marshal Hsu Hsiang-chien, 75-year-old veteran revolutionary and Communist Party politburo member, also re-emphasised in an article in the People's Daily newspaper that the military must remain firmly under party control.

The article was the latest in a series by Chinese leaders marking the first anniversary, on September 9, of Mao Tse-tung's death and calling for adherence to the line laid down at last month's eleventh party congress.

In the article, also broadcast over Peking radio, Marshal Hsu said the disgraced radicals had attempted to "turn the Army into a tool for realising their individual ambitions." He said an "examination" of radical factionalism was under way in the Army "to thoroughly eradicate the remnant poison and influence of the Gang of Four."

"This will further strengthen the Party's categorical leadership over the Army," Marshal Hsu added.

However, the Marshal held out an olive branch to those confessing their past errors, writing that "we must start from the desire for unity in dealing with "comrades who have made mistakes."

● A study prepared for the Carnegie Endowment said there is a "better than 50-50 chance" that China will meet its target of producing 8m. barrels of oil per day by 1990.
Reuter

Cambodia raises border tension

HONG KONG, Sept. 19.

CAMBODIA has brought its border dispute with Vietnam into the open by saying that its army was determined to defend the country against "land-grabbing bandits."

A Phnom Penh radio broadcast indicated that fighting was still going on in the eastern border region sometimes referred to as the Parrot's Beak. Cambodian radio broadcasts have made frequent references to "bloodshed" and "fighting to defend the revolution" in recent months, but this was the first time that the area of conflict was mentioned as being on the Vietnam border.

The troubled area, in Prey Veng province, is adjacent to a Vietnamese military region recently visited by Gen. Vo Nguyen Giap, the Vietnamese Defence Minister. That visit was well publicised by Vietnam.
UPI

Thailand rejects Vietnamese

BANGKOK, Sept. 19.

THAILAND to-day refused to admit 75 Vietnamese refugees aboard a Norwegian ship which picked them up two days ago from a fishing boat in the South China Sea.

Immigration officials explained that Thai policy was not to admit refugees, unless they had already been accepted for subsequent entry to a third country.
Reuter

NIGERIAN POLITICS

Preparing the politicians' return

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

ON THE DAY when Mr. Ian Smith faced his white electorate in Rhodesia, elections took place on the other side of Africa which, though much less publicised, could ultimately prove of far greater importance. Nigeria, on August 31, elected 203 members to a new Constituent Assembly. That body, with an addition of some 20 Government appointees, meets early next month to decide upon a new constitution which will provide the basis for Nigeria to return to politicians' rule after well over a decade of military government.

Nigerians are a highly political people. They have always seen military rule as an aberration, and each successive military Government has produced plans for phasing itself out. But the Government of Gen. Olusegun Obasanjo is now half way through its own phasing out programme and has gone, many observers believe, too far to turn back. Not that there is evidence that the present leadership is anything but intent on implementing its promises. The first stage was completed last year of the civil rule programme: seven more states were created (making a federation of 19 units and, it is hoped, destroying for ever the centrepetal tendencies of the old days); local Government was reformed and local elections held; a commission produced a draft constitution.

Stage two is represented by the elections and the deliberations of the Constituent Assembly, which is to adopt a new constitution by October of next year. Stage three envisages the lifting of the ban on party politics (in force since 1966) followed by direct general elections leading to civilian rule not later than October 1, 1979, the 19th anniversary of independence.

In many ways, the most difficult part of the programme is still to come, but the elections on August 31, despite the fact that they were indirect, and though the ban on party labels or party canvassing was stringently enforced, have produced what promises to be a lively assembly.

Voting was through electoral colleges, which consisted of the local councillors elected last year. The system has been criticised principally because it would have been open to corruption. The government set its face firmly against any electoral irregularity of the sort which had plagued Nigeria's early post independence years. At least 82 potential candidates were disqualified from standing by the Federal Electoral Commission, many of them for tax evasion, or late payment of taxes, which was held to be the same thing. But 77 candidates for the 203 seats were unopposed, mainly in the Northern states. Oyo, in the west, was the only state where all seats were contested. In Niger state the seven colleges of six of the seven candidates were unopposed, and in Borno 10 of 11. In all some 340 candidates stood for the 203 seats.

Preliminary analysis of the results show that members include considerable numbers of lawyers, as well as university teachers. Many of the latter, observers believe, are likely to prove fairly radical, at least in Nigerian terms. Whereas in the local elections there seemed to be a predominance of small farmers and businessmen, Nigeria's growing commercial class does not seem much represented in the Constituent Assembly — although many Nigerian politicians are also businessmen.

But the main interest inevitably centres on the well-known political names from the past. Among these is Dr. K. O. Mbadiwe, a former Minister under Nigeria's first Prime Minister, Sir Abubakar Tafawa Balewa, and a prominent politician in the old Eastern Region; Mr. Mathew Mbu, a former High Commissioner in London, likewise from the East; Alhaji Shehu Shagari, who served in the first civilian government but also was Finance Commissioner under General Gowon; Chief Richard Akinjide, a former minister in the western region, and Chief Toye Coker, once Agent General of the West in London.

From the more recent past

Gen. Olusegun Obasanjo . . . too far to turn back.

come Alhaji Kam Salem, Inspector General of Police under General Gowon; Brigadier George Kurobo, former Ambassador to Moscow, and Alhaji Shettima Ali Monguno, former Federal Commissioner for Mines and Power. Alhaji Adamu Ciroma, once Editor of the New Nigerian, and most recently Governor of the Central Bank, is there, as is Mr. Dike Nwanodi, who stood in Nigeria's last election in 1964 as one of the few independents and served under the Gowon regime as Commissioner in Rivers state.

It is probable that ... these men have ambit... stand for elective office ... new constitution is ado... the ban on party politic...

In its draft form, the ... tion follows the Ameri... dential model, rather ... Westminster pattern. ... Nigerians believe th... Assembly will not ... major changes to the dr... duced last year by a ... panel headed by a Lagos ... Chief Rotimi Williams...

The constitution prov... an elected executive P... and a two house fede... gress. It enshrines the ... tion of executive, legisl... judicial powers, and is ... to "encourage associati... cut across ethnic, li... religious or other ... barriers." There are ... provisions to ensure t... men elected to be Pres... Vice President command... them a wide measure of ... from the states, and th... holders in general as ... publicly accountable. ... posed division of powers ... the Federal Government ... single assembly state le... closely reflects the g... federal powers over th... years.

Differences there are ... be, whether on such qu... a President vs. Prime ... or, for example, on the ... role to be given to the ... Sharia courts in large ... the North. But while ... stitutional debate is ... gain momentum as the p... use the platform now ... them, most Nigerians ... quite as concerned to k... will emerge to rule the... are to know according ... rules he will do so. T... politics has so far ... almost impossible to as... really accurate assess... be made until the ban ... but the debates of the ... tuent Assembly may wel... some fascinating pointe...

Israel mission to strengthen Pretoria ti...

BY OUR FOREIGN STAFF

TEL AVIV, Se...

ISRAEL INTENDS to strengthen further its ties with South Africa through the planned visit to Pretoria later this year of Mr. Simcha Erlich, Minister of Finance.

This will be the first official visit to South Africa by a member of the Israeli Cabinet. The Government's acceptance of the South African invitation reflects the determination of Mr. Menahem Begin and his colleagues to foster relations with any friendly country regardless of international disapproval.

The news of the Erlich visit follows a secret visit here by Mr. Roelof "Pik" Botha, the South African Foreign Minister, just over a fortnight ago. Officials here were reluctant to let it be known that Mr. Botha was here, and insisted that his visit was private. The South African Embassy, however, has acknowledged that Mr. Botha met his Israeli counterpart, Mr. Moshe Dayan while he was here.

The timing of Mr. Erlich's visit will be worked out when he meets Mr. Owen Horwood, the South African Finance Minister in Washington next week at the meeting of the International Monetary Fund.

During his visit Mr. Elrich is expected to discuss the expansion of trade between the two countries and of South African investment in Israel. The South African Embassy in Tel Aviv reports that bilateral trade amounted to $90m. in 1976. Contrary to local reports that the trade runs two-to-one in favour of South Africa, the embassy said to-day that the trade is fairly evenly balanced. South Africa exports metals, processed foods and textiles to Israel, while it imports chemicals, machinery and machine parts, and fashion wear. Neither side is prepared to say how much of the trade is in arms.

According to foreign press reports, unconfirmed here, Israel has sold South Africa rifles, mortars, electronic equipment, corvettes armed with the Gabriel sea-to-sea missiles, and licences and plans to make the Uzi submachine gun.

But Israel has denied ha... role in helping the South... atomic bomb whose tes... stopped recently by So... American protests.

Previous governmen... have sought to play d... ties with South Africa ... of widespread protest ... and at home about a ... Jerusalem axis. Becau... The planned visit ... Rabinowitz, former ... Minister, was postpo...

However, Mr. Menah... the Prime Minister, ha... qualms, as he believes t... has no real friends in t... will take adva... whatever opportunities...

arter, Dayan in talks on raeli peace proposals

ID BELL

WASHINGTON, Sept. 19.

T CARTER was due r. Moshe Dayan, the reign Minister, later he start of a hectic lks between various tion officials and re- es of all the major .

a widespread feeling he next 10 days will ve in determining not there can be a Geneva peace con- ore Christmas. Senior elieve that all the has been done and now, as one said, "a if there are any hard hat can be made."

te Department, and ials, professed them- fled by Mr. Dayan's p to Paris and Zurich. has been no public that it is connected new formula that the way to Geneva. he Los Angeles Times o-day that "a very American who is a he Carter administra- been meeting fre- th Yasser Arafat, the the Palestine Libera- isation.

The possibility that something may have emerged from the talks is not entirely discounted here; and it may be significant that Mr. Basel Aql, a senior member of the PLO, is quoted in the New York Times from Cairo this morning as saying that if the PLO receives a separate invitation to Geneva, it will then be prepared to go as part of a pan-Arab delegation—apparently the approach preferred by the U.S., as well as by Syria and Egypt.

American officials have been saying in public and private that they would accept a low level PLO delegation to Geneva as part of a Pan-Arab delegation, provided that the PLO itself first accepted UN Resolution 242. It remains to be seen, however, if the Israeli government would agree to negotiate with a Pan-Arab delegation including PLO members, regardless of whether that organisation recognises Resolution 242.

In any event, Mr. Dayan is due to-day formally to present, both to the President and to Mr. Cyrus Vance, the Secretary of State, the Israeli peace plan. He told reporters that he is bringing detailed maps to show the extent of the territory that Israel is prepared to give back to the Arabs. It is unlikely that his plan will be very warmly received by the Administration.

On Wednesday, Mr. Ismail Fahmi, the Egyptian Foreign Minister, is to see the President, and the Foreign Ministers of Syria and Saudi Arabia are due to see Mr. Carter sometime between now and the end of the month. It is not yet clear who will represent the Jordanian Government, and the precise dates of these meetings have yet to be fixed.

Meanwhile Mr. Cyrus Vance is to have talks with these officials, both here and in New York, where they will be attending the new session of the United Nations General Assembly which is also due to debate the Middle East later this month.

The American hope is that all this will give the parties the opportunity to negotiate through the U.S., and that some breakthrough may be possible. But it must be said that the hope is not strong and there is a real fear that after these talks the prospect of a new Geneva meeting may actually have receded further.

Finance Ministers meet in Barbados

Finance Ministers from the Commonwealth countries meet in Barbados this week pursuing a common vision of a new world economic order, Reuter reports from Bridgetown. The four-day meeting is aimed at paving the way for World Bank International Monetary Fund (IMF) sessions in Washington later this month but the underlying issue will be how to create a different economic system.

Commonwealth Secretary General Shridath Ramphal, who arrived in Barbados yesterday to prepare for the conference, has no illusions about how long the economic changes will take. "In fact, it will probably take us most of this century," he told reporters. The key document in the discussion will probably be the McIntyre report on recommendations for a new world order which was first presented to the June conference of Commonwealth Heads of State in London.

Prime rate rise

The First National Bank of Chicago has said that it is raising its prime rate to 7¼ per cent. from 7 per cent., effective to-day, Reuter reports from Chicago.

Alberta oil swaps

Canadian Energy Minister, Alastair Gillespie, has said that the next move is up to the U.S. in arranging oil swaps that will allow continued shipments of Alberta oil to refineries in the mid-Western U.S., Reuter reports from Ottawa. Mr. Gillespie said that talks on an exchange of oil have already been held with U.S. Energy Secretary James Schlesinger, who is awaiting proposals from Washington. Present exports of low-sulphur, high-value oil to the mid-West states total 137,000 barrels a day but further reductions are planned in the next three years.

Lance committee split on what to do next

BY DAVID BELL

WASHINGTON, Sept. 19.

THE TWO senior Senators on the committee inquiring into the tangled affairs of Mr. Bert Lance, the U.S. Budget Director, said to-day that they still think that he should resign, but the committee itself appears to be hopelessly split on what it should do next.

Sen. Abraham Ribicoff, the Democratic chairman of the committee, said this morning that there would be no more hearings after to-day for at least two weeks whiel the committee decided what to do next. It has no power ot remove Mr. Lance and the Senator noted that it is now up to the President to decide what to do about his old friend.

Although Mr. Lance has still a number of questions to answer and although his hearings did not dispose of some of the relatively serious allegations against him, there is no doubt that the President now has very much more room in which to manoeuvre than most people thought possible at the start of last week.

Helped by the committee's own ineptness, Mr. Lance was overall a credible witness and the White House reported with something approaching glee to-day that calls to the White House have been something like five to one in his favour since he began to testify. Before his appearance they were running heavily against him.

This morning, the members of the committee staff were testifying under oath that Mr. Lance did not provide them with details of his various banking problems before he was confirmed by the Senate in January. Mr. Lance told the committee that he had not withheld any information from the committee and that it was at fault for not following up the information that it had been given. Mr. Ribicoff himself conceded more than once that the original hearings had been perfunctory.

Mr. Lance is thus left in a much less exposed position than might have been expected. Even if the testimony to-day is damaging, it is as if the American public has come to the conclusion that, whatever Mr. Lance may have done, it has not merited the torrent of allegations and insinuations that have poured forth in the past few weeks.

That may be so, but it is also true that the evidence revealed by the committee hardly squares with the slightly sanctimonious position about public officials that Mr. Carter took during the campaign and after it. For instance, Mr. Carter was very hard on the retiring director of the FBI during the campaign for having an FBI carpenter do a small job free of charge in his flat.

At the time, Mr. Carter implied that that alone was reason for the Director to resign. Whatever else, Mr. Lance is not being judged by these standards and this may do some damage to President Carter's "Mr. Clean" image. On the other hand, his decision to give Mr. Lance his "day in court" has surely been vindicated with Mr. Lance appearing far more convincing than even his most ardent supporters anticipated.

Mr. Carter may come to feel that he cannot allow Mr. Lance to remain in his present job simply because of all the controversy that the hearings have aroused. But if Mr. Lance does go it will be with a head held much higher than a week ago.

There remains one other irony in the situation. Mr. Lance owes a very great deal to the defence prepared by Mr. Clark Clifford, a veteran Washington lawyer who first worked in the Truman Administration and was President Johnson's last Defence Secretary. As such, it was a case of the quintessential Washington insider coming to the aid of the outsiders who only months ago spoke almost contemptuously of the "buddy system" in Washington.

Perfectly dressed, impassive and courteous, Mr. Clifford almost seemed at times to dominate the hearings and there is no reason to doubt that, this morning, he is among the President's favourite "insiders."

Delta cuts Florida air fares

BY OUR OWN CORRESPONDENT

NEW YORK, Sept. 19.

PRICE CUTS of up to 50 per cent. have been announced by Delta Airlines in a bid to corner a larger share (now 17 per cent.) of the New York-Miami-Florida travel market by announcing a cut rate fare for the winter.

Eastern Airlines who have dominated the market for years, with 56 per cent. and National with 25 per cent., have announced they will stay competitive and will mount an aggressive counter-attack.

Delta is proposing to the Civil Aeronautics Board (CAB) an air-bus service with a new one-way fare of $55 for mid-week travel and $75 for the week-end period (Thursday to Sunday). The current fare is $109 and the new mid-week fare is nearly a 50 per cent. saving.

Delta said that its service will be provided by adding to the seating capacity of its DC-8s. Traditionally these carry 199 passengers and Delta will now accommodate 244.

Delta plans to offer rock-bottom, no-frills passenger service which means no food, no films and only soft drinks and coffee for free. Last year's campaign focused on "extras" including free champagne, steaks, films and the like.

While Delta is offering the low fare from Kennedy Airport only, Eastern says it will not discriminate against the other two New York airports—Newark and La Guardia. Eastern also said they will "offer the new fare on normal airplanes, not the uncomfortable Delta seats." Eastern will be offering 2,000 seats a day at the new price and Delta 1,000. National said they would be competitive and that "no one will have a lower fare than National."

Delta's price initiative is surprising since the airlines have generally avoided discount fares calling them useless drains on airline profits.

Israel-U.S. flights plan

BY L. DANIEL

TEL AVIV, Sept. 19.

A PROPOSAL for a no-frills service between Tel Aviv (or other Mediterranean cities) to New York, which would be $120-150 cheaper than present group flight rates, is to be put to the annual general meeting of IATA airline presidents in Madrid in November by Mr. Mordehai Ben-Artzi, director of El Al.

The reduction, equivalent to almost 20 per cent. of present group flight prices, would eliminate the serving of meals and thus sharply cut the number of cabin attendants required. This in turn would not only cut wage bills, but also free an additional number of seats.

Canada growth forecast at 4% for second half

OTTAWA, Sept. 19.

THE CONFERENCE Board of Canada said the Canadian economy should grow at a seasonally adjusted rate of 4 per cent. during the last half of 1977 following a real decline of 0.6 per cent. in the second quarter.

The second quarter should not be taken as an indication of future economic trends, the board said in its quarterly forecast.

The independent research organisation retained its earlier projection of 5 per cent. real growth for the Canadian economy in 1978.

The Board said inflation, currently running at a little more than 8 per cent. on an annual basis, will decline to a yearly average of 7.9 per cent. by the end of 1977 and will slow to a 6.7 per cent. rate next year.

w accountancy regulation plan

WART FLEMING

NEW YORK, Sept. 19.

uickly to try to fore- threat of further ıt control over the the American Insti- rtified Public Account- adopted a new pro- tighten its self-regu- cedures.

mi-annual meeting in the council of the which includes all the S. auditing companies, ed proposals to divide rship into two tiers, which would include s auditing publicly- panies registered with rities and Exchange n, and one for smaller which audit private

lic oversight Board, of prominent national th five members being ot of the profession, set up to monitor the . It would be parti- ocerned to oversee the proposed "peer re- ystem which would andatory. This is a der which one account- ny in effect audits the and standards of work.

Another key change is that the institute is to take power to discipline member companies instead of individual members of the profession as now. Under this plan, it would be open to the institute to impose fines and suspensions on companies whose auditing work is found to be deficient. The essentially self-regulatory aspect of the disciplinary procedures remains, however, since member companies will have to submit to them voluntarily rather than because of legislation.

Mr. Wallace Olson, president of the institute, said to-day that a key element in the acceptability of the proposals was the attitude of the Securities and Exchange Commission. He suggested that a letter to the institute from the SEC implies that the regulatory agency responsible for controlling the securities markets may well be leaning towards allowing the institute time to establish whether its new regulations are effective.

The attitude of the fierce critics of the industry in Congress is less clear. For one thing, the proposals do not go as far as suggestions made in May by Mr. John Biegler, partner of one of the largest of the big eight accountancy companies in the U.S., Price Waterhouse. He suggested in Senate hearings the profession be brought under more direct government regulation. He argued, "there are no adequate existing mandatory procedures designed to prevent problems." He suggested, among other things, that the SEC be given power to impose sanctions on accountancy companies.

Mr. Olson said to-day, however, that Price Waterhouse had modified its position and now supported the new institute proposals.

But the reservations which some members of Congress have about the profession remain. Earlier this year a Senate subcommittee on reports, accounting and management produced a wide-ranging analysis of the accounting profession and was strongly critical of many of its practices.

It was this report which led many accountants to concede privately that big changes in the institute's self-regulatory processes could be expected.

JNITED NATIONS

A fresh beginning with fading hopes

BY OUR UN CORRESPONDENT

SESSION of the United General Assembly opens York on September 20, little progress made the solution of world since delegates from 30 countries were last In his annual report, retary-General, Dr. Kurt ., mentioned the feeling many when the 31st Assembly recessed last that 1977 could be a rogress in crucial areas he Middle East, southern nd Cyprus, as well as the th economic dialogue the UN law of the sea e. Those hopes had not be said, and the weight ms old and new made ear of growing anxiety international com-

cautious optimism reconvening of the ast peace conference in now has given way to zation that it is unlikely n soon, and to fears of conflict in the interim. e new uncertainties in following the death of Makarios and an hardening of attitudes sides. Political and complications in the Rhodesia and Namibia ouded prospects for settlements there. economic turmoil con many countries, more cash badly needed for ent projects is being nto the arms race, and among the super- nd some other states lear weapons remain un- dangerously strained. It o much to say that s now gathering in New the coming 13 weeks of Assembly debate are full ffords them few bright here is a widespread herefore, that this may be a very difficult, even UN session, and a st of the whole concept ilateral diplomacy and on embodied in the

esident of the General this year will be Mr. lojsov, deputy foreign and former UN ambas- Yugoslavia, and prob- ppy choice for a time of ssion, since he is well- s an amiable yet strong personality with proven capacity for tact and political sagacity. Aged 57, he is a former journalist who has long been a leading diplomat in the movement of the non-aligned nations. No one doubts that he will be a scrupulously fair presiding officer.

One decision that he probably will not have to make is whether to permit South Africa to seat a delegation. Since the Presidential ruling against them in 1974, the South Africans have not tried to claim their place in the Assembly, and will almost certainly be absent again. However, issues in which they are deeply involved will be very much to the forefront. African members have already agreed to press the Assembly to give priority to debating Namibia immediately after Foreign Ministers and other heads of delegations have completed the annual round of policy pronouncements on the full range of international problems.

There is a widespread feeling that this may turn out to be a very difficult UN session, and a severe test of the whole concept of multilateral diplomacy embodied in the Charter.

An attempt may be made then to have the Assembly declare that the South African Government has no right to Walvis Bay. Mr. John Vorster, the South African Prime Minister, has already said that he might halt negotiations on Namibia with the five Western members of the Security Council if the UN upheld a challenge to South African sovereignty over Walvis Bay, which African nationalists want to become part of an independent Namibia. This is one of the complications that have dimmed rising hopes of a settlement.

Dr. David Owen, the British Foreign Secretary, is certain to be closely questioned in his bilateral talks with other visiting Foreign Ministers about the Anglo-American plan for Rhodesia, another territory that will be the subject of important UN debates. African and Communist members want still tighter sanctions against the Government of Mr. Ian Smith, and economic reprisals against South Africa, which openly defies the UN boycott of Rhodesia. While the Assembly may recommend this, such punitive measures could be invoked only by the Security Council with the concurrence of Britain, the U.S. and France, all of which have the power of veto.

Any move by the Arab States to have the UN order sanctions against Israel, in retaliation for the creation of Jewish settlements on the West Bank of the Jordan, similarly would have to overcome opposition in the Security Council, with no chance whatever of U.S. concurrence.

Before the Assembly meets President Carter and his Secretary of State, Mr. Cyrus Vance, will have met the Arab foreign ministers in Washington, and Mr. Moshe Dayan, the Foreign Minister of Israel. Bilateral talks on the Middle East are expected to continue in New York. Mr. Carter will address the General Assembly on October 4, one of several heads of state or Government who plan to appear before the gathering. According to Uganda Radio, President Idi Amin will come to the UN. Construction work on a Uganda Government office building adjacent to the U.S. Mission to the UN is proceeding apace, but UN officials have had no confirmation of President Amin's intentions.

Members have already agreed to hold a special session of the General Assembly next May and June on disarmament, but this will not deter them from discussing the arms race at length in the Main Political Committee. It is also expected to be one of the main themes of Mr. Carter's address. Both he and Mr. Vance will have talks with Mr. Andrei Gromyko, the Soviet Foreign Minister, who, as usual, will lead the USSR delegation to the Assembly.

Apart from Rhodesia, questions of particular interest to Britain that are expected to be discussed by the UN include Gibraltar and the Falkland Islands. There have been hints that the new Spanish Government will seek UN support for its claim to the Rock, while Argentina remains frustrated in its attempts to take over the Falklands. The problem of Belize also is expected to be discussed.

ON OTHER PAGES

Japan slims trade surplus in August

BY CHARLES SMITH

TOKYO, Sept. 19.

AFTER BREAKING all previous records with its July figures, Japan has reported a relatively modest trade surplus for August, although the figures are still remarkable by the standards of most other industrial countries.

Exports in August were up 21 per cent. over a year ago to $6.43bn. while imports rose 11 per cent. to $5.28bn. The resulting visible trade surplus of $1.15bn. contrasts with the record July surplus of just over $2bn.

The most interesting feature of the August figures is that imports at last seem to be recovering from a prolonged period of weakness.

On a seasonally adjusted basis they were 9.9 per cent. higher than in July (or 10.6 per cent. higher if the figures are denominated in yen rather than dollars). Exports were down 1.3 per cent. on a seasonally adjusted basis from the July level.

Japanese officials who have been "talking down" the surplus in recent months say exports will continue to level off for the rest of the year, partly because the rest of the world is putting up considerable resistance to most of Japan's major products.

Ship sales, which were extremely strong earlier, are expected to weaken during the rest of the year, as are steel and consumer durable sales. The hope is that the modest recovery in imports visible in the July sales, will continue, but this depends on the pace of domestic economic recovery in Japan which remains difficult to gauge.

The visible trade surplus was partly offset by a $490bn. invisibles deficit to give a current account surplus for August of $660m.

Long-term capital outflow came to $400m. (more than double the July level) but there was a modest short-term capital inflow of $40m. (contrasting with a big short-term outflow in July). The overall balance of payments surplus was $300m. compared with the July figure of $937m.

The Japanese Government aims to cut the current account surplus (the item which has come to symbolise Japan's excessively strong payments position) to $6.5bn. for the whole of the fiscal year ending next March 31. U.S. estimates, using similar data to those available in Japan, apparently put the surplus at a minimum of $7.5bn. The difference may reflect different views on the effectiveness of Japanese Government intervention to curb exports and stimulate imports.

● Australian car imports from Japan reached their highest point in nine months during August—8,468 units compared with 7,940 in July. The 7 per cent. increase in Japanese imports largely accounted for an overall rise of 4 per cent. in the monthly statistics for August, issued to-day, reports Douglas Ramsey from Canberra.

The Australian Government is reviewing the tariff quota arrangements for car imports, based on a report received last week by the Industries Assistance Commission. There has been no indication, however, of when a decision will be announced.

August imports totalled 10,086 with a total value of $A30.4m.

Tourist boom aids Spain's foreign reserves

BY DIANA SMITH

MADRID, Sept. 19

THIS SUMMER'S tourist boom, a drop in imports of crude oil and substantial growth in car, machinery, metal and mineral exports have eased the drain on Spain's foreign reserves.

Until July 12, when the peseta was devalued by about 20 per cent., Spain was artificially supporting her currency. Reserves held by the Bank of Spain dropped to dangerous levels.

Now, the picture has altered. Gold and foreign reserves stood at $5,377m. at the end of August (an increase of $908m. over July). Tourist revenue in July alone amounted to $683m., 93 per cent. higher than July 1976 and an all-time record for Spain. From January to July tourism brought in $2bn., 21 per cent. more than the first seven months of 1976.

Sceptics hinted that the mid-July devaluation came too late to attract a greater influx of visitors but the figures disprove this.

Another healthy sign is that imports of crude oil, accounting for over 20 per cent. of Spain's purchases abroad, are dropping. In July, crude imports, totalling $211m. were 9 per cent. lower than June. The July fuel trading deficit dropped by 9.4 per cent. compared with June.

Despite a long strike this summer in the footwear industry exports for this sector should rise this year to about $146m., $25m. higher than 1976. Exports of cars have risen by 77 per cent., and of machinery, both electrical and mechanical by about 45 per cent. General exports for the first half of this year rose by well over 20 per cent. The government is so pleased by this increase that it will provide special credits to encourage further sales abroad.

Not all in the picture however, is rosy. Many large, medium and small firms suffer from serious cash flow problems and are either pleading for a three-month moratorium on social security contributions or warning subcontractors and suppliers that for the moment, they cannot pay their bills.

Economists claim that this state of affairs is inevitable. It is the result of the end of protectionism or favouritism in the credit policies of large banks, as well as the steep rise in wages and raw material costs. Many experts feel that the next two years will ensure the survival of efficient and dynamic firms whereas many which have coasted along will probably go bankrupt.

Venezuela $1bn. deal will go to Brazil

By Joseph Mann

CARACAS, Sept. 18.

THE VENEZUELAN Government will sign a $1.1bn. contract with a Brazilian group next month for construction work on the final stage of Venezuela's largest hydroelectric project, a government spokesman announced.

The Brazilian consortium Camargocorrea - Centenco Isamar won the contract in competition against four other groups, three from the U.S. and a fourth from Europe.

The contract will be signed between the Brazilian consortium and the Venezuelan Guayana Corporation (CVG), the country's largest regional development agency and the body responsible for carrying out the government's multi-billion dollar projects in steel, aluminium and hydroelectric power.

Sr. Argenis Gamboa, president of the CVG, said that the contract for civil work on the Guri hydroelectric dam in the country's Outheast industrial region was "the largest ever agreed to in the history of Venezuela."

He added that the final cost for construction of stage two of the dam, which is already in operation, would probably reach $1.63bn. after inflationary increases were computed. Construction on the dam should be completed in 1985.

Swiss trade deficit up

By John Wicks

ZURICH, Sept. 19

THE SWISS monthly foreign trade deficit in August reached the highest level since October, 1974, with imports exceeding exports by Sw.Fr.614.5m. Import values were up by 22.9 per cent. to Sw.Fr.3.49bn. over the year and those of exports by 14.4 per cent. to Sw.Fr. 2.87bn., due partly to a 4.5 per cent. rise in import prices and one of only 1.2 per cent. for exports.

For the first eight months of 1977, Swiss imports totalled Sw.Fr.28.25bn., or 20.8 per cent. more than for the corresponding period of last year, while exports expanded by 14.6 per cent. to Sw.Fr.26.79bn.

The resultant trade gap for the January-August period rose from a minimal Sw.Fr.2.7m. in 1976 to Sw.Fr.1.46bn. this year.

This occurred despite the fact that the real growth was higher for exports than for imports—12.1 compared with 10.2 per cent.—due to a much slower rise in export price averages.

Meanwhile, Litton Industries' Hellige division has been awarded a $5m. contract for medical electronic equipment to be installed in five new hospitals being built in Saudi Arabia as part of a turnkey project, the company said in Zurich.

India plans boost to economy with imports of capital goods

BY K. K. SHARMA

NEW DELHI, Sept.

INDIA is planning imports of capital goods, machinery and spares and raw materials on a scale larger than ever before in order to draw down the mounting foreign exchange reserves and at the same time to give a big push to industrial and agricultural activity.

An exercise has already begun in the Finance Ministry to identify projects and programmes in priority areas of various Ministries and public sector industries where the pace of implementation can be accelerated through imports of essential raw materials, components, spares and machinery.

In the sphere of capital goods import, the Government is indeed thinking of liberalising it to an extent whereby nearly three-fourths of the capital goods industry would be thrown open to international competition. A scheme is reportedly being drawn up in this connection and will be finalised by the Finance Ministry shortly.

Fertiliser plant and equipment, paper machinery, cement machinery, cranes, textile machinery, dairy equipment, lathes and a variety of machine tools and electrical machinery are likely to figure in the list of industries which will henceforth have to withstand competition from imports.

However, complete protection will continue for items reserved for manufacture by the small-scale sector. Protection is also likely to be given to several types of metallurgical equipment, mining machinery and certain specialised kinds of plant and equipment.

The scheme is essentially based on the Mantosh Sondhi committee report prepared when the previous Congress Government was in office, though it has been modified to a certain extent. The protection to be given to the small-scale sector is a modification in line with the Janata Government's policy pronouncements.

One of the main objectives of the scheme is to reduce the capital cost of projects, which has risen higher as a result of the policy of complete protection given to the indigenous industry.

There are cases where domestic manufacturers have charged 200 per cent. or 300 per cent. more than international rates for the same type of equipment.

The protection was given to the indigenous industry on the grounds that it needed it during the initial period of growth. The official argument is that the import duty of 40 per cent. plus countervailing duties will give domestic producers a fair amount of tariff protection.

There is bound to be even then a big hue and cry against the scheme from indigenous manufacturers but the Minister, Mr. H. M. Patel, budget speech, has already announced liberalisation of ... of capital goods.

Liberalisation of imports of capital goods, industrial materials and essential commodities was formerly announced in the import policy pronounced by the Commerce Minister, Mohan Dharia, at the ... April.

In spite of this, however, enough imports have taken ... so far and India's foreign exchange reserves have passed ... $4bn. mark. They have ... nearly $800m. since April ... are maintaining a rising ...

In the current year's ... the Finance Minister resorted ... a R.8bn. or nearly $900m. ... ing from the foreign exchange reserves to bring down budgetary deficit.

The Government is now ... serious thought to how ... reserves can be drawn ... further to avert an inflationary effect on the economy.

Apart from the imports of edible oil and raw cotton which substantial amounts of foreign exchange have been released, the liberalisation of imports of equipment, components, spare parts and materials is expected to ... much larger imports this year.

Multinationals face criticism

BY OUR OWN CORRESPONDENT

NEW DELHI, Sept

India's Home Minister, Mr. Charan Singh, who is one of the main architects of the Janata Government's economic policies, has vigorously opposed entry of multinationals in the Indian economy except in "exceptional cases".

He told the Janata Parliamentary Party there had been indiscriminate permission for foreign collaboration in industry and saw no reason why it should be permitted for such activities as manufacture of toothpaste and shaving cream.

Mr. Singh said that while foreign investment in India had been limited to a total of R18bn. (about £1.2bn.) in the last three decades, profits remitted abroad annually amounted to R900m. Foreign "economic exploitation" of India had risen many times after the country's independence.

The Home Minister also called for drastic rethinking on foreign aid by way of loans since the country had to pay R7bn. annually as interest and principal on the R176bn. it had borrowed abroad.

Mr. Charan Singh's re... come while there is a controversy over foreign investment in India following Government's decision ... Cola's proposals for continuing operations in India should be rejected unless it shed its equity holdings by 60 per cent. There is yet no consensus in the Government on foreign investment and exchange control rules are at present applied flexibly, if in a somewhat ad hoc manner.

Favoured treatment on textile expor...

BY OUR OWN CORRESPONDENT

NEW DELHI, Sept

INDIA and Pakistan will receive favoured treatment for their textile exports to the European Economic Community under the International Multi-Fibre Arrangement due for renewal on January 1. As a result they will be able to secure a larger quota of exports to the EEC.

Indicating this, Mr. Tom Normanton, chairman of the European Textile Employers' committee, suggested that the new MFA incorporates a "strong bias" towards India and Pakistan.

Mr. Normanton, also president of the International Federation of Cotton and Allied Textile Industries, suggested a new formula under which for every two per cent. rise in the EEC's GNP there will be a one per cent. increase in textile quotas for developing countries in the Community market.

He felt that this was necessary although the present policy of an inbuilt annual increment of six per cent. in EEC quotas to textile exporters was detrimental to the Community's in... The EC's growth rate had ... around 3.5 to four per ... every year in the past ... had dropped to 1 per ... after the energy crisis. Th... another reason for a ne... mula.

Mr. Normanton has been ... missioned to prepare a rep... the situation in the texti... dustry which will have a ... effect on the Community's ... tude towards the MFA.

Iranian oil exports up over 1976

By Andrew Whitley

TEHRAN, Sept. 19.

IRAN'S oil exports last month recovered from the usual summer low to reach the 5.2m. bpd level, fractionally up on August 1976 when the major oil companies began to stockpile in anticipation of the OPEC price rise last December.

The most significant statistic in the figures just released for August showed that the crude oil exported by the western consortium formed only just over 60 per cent. of the total. Traditionally the consortium has exported over 85 per cent. of Iran's oil.

NIOC itself sold 1.29m. bpd abroad, keeping within sight of its current target of 25 per cent. of total exports.

Production, and exports have fluctuated wildly this year. In August exports rose 24 per cent. and production 20 per cent. over the July figures. Production is now comfortably above the projected 5.2m. bpd average for the second half of 1977.

Britain wins £9m. order from Libya

BRITAIN HAS won an order worth more than £9m. to supply special high frequency radio equipment for the new international airports at Tripoli and Benghazi, Libya.

GEC-Marconi said it was one of the U.K.'s largest export orders for civil aviation communication equipment. The airports' communication centres were being expanded because of the rapidly increasing importance of Libya as the gateway between Europe and Africa.

Nuclear fuel deal

Argentina's Atomic Energy Commission (CNEA) has signed a contract with Kraftwerk Union (KWU) for the purchase of DM80m. worth of nuclear fuel for its Atucha nuclear power plant, a CNEA statement said, Reuter reports from Buenos Aires.

Tunnel project

Yugoslavia and Austria will build a 7.6 kilometre (4.8 mile) tunnel through the Karawanken Alps on their border at a cost of more than £70m. it was announced in Belgrade, Reuter reports. Construction work will start in 1979 and should be completed by 1983.

The tunnel will be linked to a new 1,200 kilometre (750 mile) highway already being built through Yugoslavia from the Austrian border in the north to Greece in the south.

Kuwait reconsiders

Kuwait is reconsidering plans to set up a nuclear power and desalination plant due to higher price estimates, Kuwait's chief power and water engineer said. Mr. Zaki Abu Eid said in an interview with the Al-Qabas newspaper the project has nevertheless not yet been scrapped, Reuter reports.

British Gas plan

BRITISH Gas and ALH Systems of Westbury, Wilts have combined their resources to promote the use of British products and technology in maintaining overseas gas distribution networks. This follows the signing of a five-year agreement between the company and the British Gas Corporation's International Consultancy Service. The idea behind presenting British gas technology in this way is to offer a total gas distribution package to potential customers throughout the world, backed by the expertise of British Gas.

rosat ellite n fers back

rospace Correspondent

NATIONAL plan for ical telecommunica- te, Aerosat, appears dering for lack of port.

devised some time European, U.S. and viation and space has suffered from usiasm among U.S. and many in the stry.

as intended to cater 80s for transatlantic communications by ng between North l Europe. The aim the strain off the dio-telephone, com- llite and cable com- networks.

pean Space Agency, been one of the most enthusiastic said yesterday, how- at a meeting in last week of the uncil, it was made the U.S. Federal dministration could with Aerosat as at emplated, because of

has put forward an plan for a feasibility an aeronautical wever. This is now ed, and will be dis- the Aerosat Council

Ford may build 15,000 trucks for Arab world

BY STUART ALEXANDER

THE PROPOSED joint truck-building venture by Ford and the Egyptian Government, now under detailed discussion, would bring substantial orders to the company's commercial vehicle factories in Britain.

It is proposed to build a new factory beside the existing Ford plant in Alexandria.

At present the Alexandria works are merely ticking over, carrying out general engineering work. The long-term idea is to turn out 15,000 trucks a year from the facility, mainly of the D series, to be sold throughout the Arab world.

In the past the chief obstacle to such a project has been Ford's inclusion on the black list of companies drawn up by the Arab Office for the Boycott of Israel. It is thought that the ban may now be dropped. The Egyptians are keen to go ahead, and quickly, even if it is not.

$100m. project

The reason for the boycott is that Ford has refused to discontinue supplying a small car assembly plant run by Israelis in Israel.

The project would mean large orders for Ford's truck plants at Langley, Buckinghamshire, Southampton and Swansea, which make gearboxes. The engines would be built in Egypt after a joint rebuilding and re-equipment programme costing up to $100m., with Ford the major partner.

Ford recently bought ten acres next to its Langley plant. It has announced no capital spending plans to cope with the almost 35 per cent. increase in production that 15,000 trucks a year would mean.

The Egyptian plant would not come under the $700m. six-year truck spending programme recently announced by Mr. Robert Lutz, president of Ford Europe.

In the U.K., it is thought that an increase in capacity of the order foreseen would almost certainly lead to another production line having to be built, and perhaps 1,000 more workers employed.

The trucks would be sent to Egypt in knock-down form for assembly locally. KD trucks are at present produced at Langley, with cabs at Southampton and power train equipment in South Wales.

Ford recently announced that it is to spend £180m. on a car engine plant at Bridgend which will create 2,500 jobs.

New Irish link urged by SDLP in Ulster

By Our Belfast Correspondent

THE SOCIAL Democratic and Labour Party, which is mainly Roman Catholic, will to-day publish a policy reassessment expected to urge the British Government to work closely with the Irish Republic to solve the political problems in the province.

It places a renewed emphasis on the so-called Irish dimension, which has already led to a row between the party leadership and Mr. Paddy Devlin, one of the SDLP founder members.

He was expelled from the party on Saturday, a month after attacking its policies. He claimed that the leadership had forsaken its social objectives for Irish nationalism.

The party is expected to ask the U.K. Government to co-operate with Dublin in an effort to get the Ulster political parties together to discuss a form of government.

Dr. Conor Cruise O'Brien, a former Minister in the last coalition Government in the Republic, said recently that a majority of the people in Ireland no longer wanted unity between the two parts of the island.

But Mr. Gerry Fitt, the SDLP leader, said yesterday that Dr. O'Brien was "patently wrong." The overwhelming majority still wanted a united Ireland through consent and reconciliation.

Liability cover 'inadequate'

TRADE ASSOCIATIONS from the service industries have been warned that their members may find themselves seriously under-insured when a new Bill limiting the way in which companies can restrict their liability for negligence comes into effect in February.

The Unfair Contract Terms Bill, which was rushed through its final stages largely unnoticed in the last flood of Parliamentary business before the recess and which is expected to get the Royal Assent in October, will mean companies can no longer exclude liability for negligence resulting in death or personal injury.

The result should stop judges having to give verdicts where a woman, whose husband drowned in a holiday camp's swimming pool, was told that she could not have any damages even though the company was partly to blame for the accident.

The legislation will affect a wide range of terms in contracts and notices by suppliers of services, both in dealings with other companies and with consumers.

It may mean that many companies' insurance cover is inadequate as their policies may specifically exclude cover for such claims.

Notices such as "the management accepts no responsibility whatever for accidents on the premises" will no longer guarantee a company immunity from aggrieved consumers.

Equally, clauses in contracts restricting liability will be open to challenge in court.

The legislation also means that clauses which exclude or restrict liability for negligence resulting in damage to property will be subject to a test of "reasonableness."

Thus the courts, in the event of a claim, would have to decide whether the sign often used by car park operators, stating that cars are left at the owner's risk, has any validity.

Where services were offered free—as in the case of a doctor's car park—the court might decide a disclaimer was reasonable. But where a charge is made, the court might conclude the company should not be able to avoid responsibility for accidents caused by employees' negligence.

The Bill means that many companies will have to think again about the terms in their contracts.

The Department of Prices, which helped steer the Bill through Parliament, urges companies, in a letter to trade associations, to consult their brokers about the legislation's effect on their insurance.

The legislation, which was embodied in a Private Members' Bill, largely follows the Law Commission's report on exemption clauses published two years ago.

In some respects, it extends the spirit of the Supply of Goods (Implied Terms) Act, which already nullifies the effect of disclaimers like "no-money refunded" in shops, to service contracts.

In other respects, it goes beyond the Supply of Goods Act by dealing with negligence and by making it more difficult for companies to restrict liability.

The customer's rights to goods of "merchandisable" quality, for example, which already applies to goods bought, is extended to hire agreements.

The kind of indemnity clauses used by some cross Channel ferry operators will be subject to the new test of reasonableness. These clauses, which have been criticised by consumer groups in the past, attempt to make the user of the service liable for the actions of the company.

Some cross Channel ferry companies stipulate that they are not liable for damage caused by their own negligence, and also that the car-owner is liable for damage caused by his car to another one by actions of their employees.

The test of reasonableness will also apply to clauses in contracts, written in standard terms, under which the company reserves the right to alter the nature of the agreed services at the last moment.

This was a problem in the holiday industry, until the Association of British Travel Agents improved its code of conduct, as companies were able to claim technically that they were fulfilling contractual obligations as long as they provided a holiday of equivalent value.

Many companies offer compensation in circumstances where the law does not demand it. These companies will presumably have adequate insurance cover.

But the Department of Prices believes there may be others which may find themselves under-insured in February and which might be unable to meet claims.

The problem, it stresses, is not just one for companies dealing with consumers but may also affect business contracts.

INSURANCE WARNING

BY ELINOR GOODMAN, Consumer Affairs Correspondent

Welsh factory

THE WELSH Development Agency is making available a factory of 25,000 square feet and a loan of £36,000 to help Lamplight Farms Inc., of Wisconsin, to establish a manufacturing operation at Llantrisant, Mid-Glamorgan. Production with a work-force of 40 will start in January and about 75 per cent. of the output will be exported.

£2.5m. facelift

BUTLIN is to spend £2.5m. on improving facilities at its holiday centres at Filey, Bognor Regis and Minehead.

rmer Home Office ef to be new rsey Docks chief

LLOYD, INDUSTRIAL STAFF

HUR PETERSON, nanent Under-Secre- Home Office, is to be irman of the Mersey Harbour Company. He er on September 27 Mr. John Page, now the National Ports

n as chairman comes ppointment as one 's three "A" direc- whom are chosen by ent as the company's or. hree chairmen have wn from the ranks of rectors.

ek. the company a pre-tax profit of the first half of 1977. e time, however, the rman, Mr. Geoffrey aid that the second half of the year would be less profitable.

Shell has recently transferred its operations to its new Anglesey terminal, greatly reducing the work for the company's Tranmere terminal.

The company also expects a falling-off in the South African container trade.

Last year, the Mersey Docks and Harbour Company made a pre-tax profit of £4.4m.

Sir Arthur left the Home Office in June, having spent much of his working life there. He was chairman of the Prison Commission from 1960 to 1963, Deputy Under-Secretary at the Department of Economic Affairs, 1964 to 1968, and director-general to the Greater London Council, 1968 to 1972.

w interest in aid n for foundries

ETH GOODING, INDUSTRIAL CORRESPONDENT

S been an upsurge in the Government's ferrous foundry in- scheme which got off slow start after the anuary.

ve been 69 formal to the Department of d a further 40 pos- ts are under serious

projects have been ccording to statistics within the Depart- will attract £1m. of assistance towards totalling £4m.

outstanding formal applications represent £18m. of investment which would necessitate a further £4m. in grants.

The non-ferrous foundry scheme has the same aims as the successful aid scheme for the ferrous foundries which involves £70m. of State cash. It is to "assist new investment in modern plant, equipment, and buildings."

As with financial aid schemes for other industries, a grant of 25 per cent. will be available at the discretion of the Department of Industry to meet the eligible costs of investment in plant and machinery.

g John whisky sales 70% against trend'

ETH GOODING

D. third largest of brewing groups, has rther evidence of the k to Scotch whisky home market in the this year.

that sales of Scotch 00 pubs fell by more cent. in the first five pared with the same ar before.

n, the brand bought pany two years ago, trend, however, and sales through all out- per cent. during the period, it claims.

The Whitbread outlets took 480,000 bottles, nearly two thirds more than in the first five months of last year. Other U.K. sales reached more than 840,000 bottles.

Long John admits that the fact it held back a price increase until July while other major brands put them through in April contributed to the improvement.

The brand now aims to sell 1.32m. bottles through Whitbread outlets this year and a total of 3.3m. in the home market.

t Office to boost F use by sailors

LLOYD, INDUSTRIAL STAFF

OFFICE is launching to increase the use of equipment by yachts- mall boat owners. It d an exhibition of the Southampton Boat h began yesterday.

nber of small craft VHF radio-telephones from 1,500 to 8,000 in n years. Much of the nand is accounted for nen.

Office operates one and two medium- and coastal radio stations. as exchanges for calls nce and make routine broadcasts on the weather, gale warnings and navigational hazards.

● Services to pop music fans are being expanded, too. From this week, the 154 number in the London area previously reserved for cricket scores will be given over to ten new releases of the week. The records will be "potential" rather than actual hits.

Two records will be played each weekday, one from 8 a.m. to 3 p.m. and the other from 3 p.m. to 8 a.m. the following morning. All ten numbers will be re-played during the weekend.

White Paper possible on Agents

BY MARGARET REID

THE GOVERNMENT is considering issuing a White Paper commenting on the Fay Committee report on the Crown Agents. The report is expected to be highly critical in various directions and is likely to be published in November.

The idea is that the White Paper should appear simultaneously with the report and embody comments that needed to be made about it, particularly as regards references to Government departments and other official bodies.

The bulky report was delivered to Mrs. Judith Hart, Minister for Overseas Development, in August and is now being printed.

The Fay Committee, under Judge Edgar Fay, was appointed in April 1975 by Mrs Hart during a previous tenure of her present office to investigate the circumstances which led to the Agents requesting an £85m. Government grant in December 1974 to fend off a financial crisis.

The other members of the committee were Sir Edmund Compton, a former Ombudsman, and Mr Peter Godfrey, a chartered accountant.

The Agents' disastrous excursion between 1968 and 1974 into secondary banking and property is already known to have involved a loss of about £200m.

Supervision

The £85m Government grant was sought by Mr. John Cuckney shortly after he was called in as chairman of the Agents in October 1974 to take over from Sir Claude Hayes.

The Fay report is reported to be critical of lack of adequate supervision over the Agents in their disastrous move into banking and property on their own account in 1968-74.

The Ministry of Overseas Development, the Treasury, the Exchequer and Audit Department and the Bank of England are said to be mentioned in this connection. None of these bodies had any comment on the matter yesterday.

Relax some controls, Whitehall is told

FINANCIAL TIMES REPORTER

WHITEHALL DEPARTMENTS should re-appraise the way they work with local authorities in the implementation of social policies if they wish to encourage a more corporate approach at local level, the Central Policy Review Staff recommends in a report published yesterday.

Departmental attempts to influence the precise content of local authority services are often liable to be ineffective in the short run. In the long run they can weaken local authorities' ability to develop a multi-service approach and to deal more effectively with local problems, the report concludes.

The report was requested by Ministers following the Think Tank's study—A Joint Approach to Social Policies—two years ago and is primarily concerned with administrative relationships between central and local government.

It sees these relationships as certain to remain complex, not least because of the number and variety of agencies involved. Central government and local councils have differing prospectives and constituencies: Whitehall departments are likely to remain organised on a service basis: and the two-tier system of local government creates further scope for tension.

Although several changes have been made in recent years to encourage more corporate thinking at local levels, the report suggests that more could be done in this direction.

Approval

Specific recommendations include: further reductions of inter-service boundaries in Whitehall and more efforts to develop an inter-departmental approach to particular issues, especially at regional level; fewer formal controls over local authority decisions, including capital investment; less ambiguity about how far local councils are expected to respond to the advice set out in departmental circulars; and a review of the statistics provided by local authorities, the better to inform departments about local situations.

The report comments approvingly on the development in Scotland of a system of "social policies and programmes" analogous to the present system of transport policies and programmes, but says that the two-tier structure of local councils probably rules this out south of the border.

Meanwhile, the Department of the Environment should develop its role as the local authorities' "friend at court" and provide the point where local councils' corporate plans and the overall impact of Government policies can be discussed.

In general, central government "should concentrate less on pressure and control and more on the constructive role of promoting and issuing advice on good practice." Powers no longer needed should be formally relinquished, and those which could not be relinquished should be pigeon-holed.

"This will require understanding on the part of Parliament, the right advice on the part of officials, and self-restraint on the part of Ministers."

Relations between Central Government and Local Authorities: Report by the Central Policy Review Staff. SO, £1.75.

Kensington is likely choice for London's new mosque

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

LONDON IS to get its second purpose-built mosque. After completion of the £4m. Central Mosque in Regent's Park this year, another Moslem group is looking for buildings, or a one-acre site, in the Kensington and Chelsea area to provide "modern accommodation for about 2,000 worshippers."

Knight Frank and Rutley has been commissioned to acquire the site for a mosque, or combined religious centre and residential block, by clients who wish to remain anonymous.

The clients are said to represent a separate branch of the Islamic religion, possibly those of the Shia persuasion rather than the majority Sunni mainstream, although this could not be confirmed last night.

Britain's Moslem population, swelled by the annual influx of Middle Eastern tourists, has been estimated at between 500,000 and 1m. There are already about 400 mosques in the country, but the Central Mosque was the first of its scale to be purpose built.

The Regent's Park project was first planned in 1944 when the Commissioners of Crown Land made the site available after permission had been given to build the Anglican Cathedral of All Saints in Cairo.

All Saints was recently bulldozed to make way for a road, but a new cathedral is under construction.

Work on the Central Mosque started in April 1974 and the scheme was completed this year. The cost was met by donations from the Government of Saudi Arabia, the United Arab Emirates, Kuwait, Bahrain and Libya.

The new project is likely to be on a similar scale to the Central Mosque, which has a regular attendance of about 300, although it can accommodate several thousand worshippers on special occasions.

In view of the complex planning arrangements and building problems encountered at Regent's Park—including the discovery that draft plans had been based on a line 14 degrees off the true direction of Mecca—development of the new mosque is likely to be protracted.

Dr. John Cunningham
"Waste may cost £1.3bn."

Energy waste may total £1.3bn.

By Ray Dafter, Energy Correspondent

WASTED ENERGY may be costing the country £1.3bn. a year, according to Dr. John Cunningham, Parliamentary Under-Secretary for Energy.

The new estimate comes as the department is preparing for a national conference designed to give greater impetus to energy conservation in Britain.

More than 700 delegates from industry, commerce and the public sector are expected to attend the first National Energy Managers' Conference on Birmingham on Monday.

Mr. Anthony Wedgwood Benn, the Energy Secretary, will make his first big speech on energy conservation and is expected to outline the latest Government plans for cutting down on the use of fuels.

Dr. Cunningham said yesterday that across-the-board savings of at least 10 per cent. were possible.

"One problem is that companies and other organisations often delay taking energy-saving measures because they doubt that such actions are cost effective.

"Yet the evidence shows that investment in energy conservation can involve remarkably short pay-back periods."

Free rail trips for cycles may continue

Financial Times Reporter

CYCLISTS are likely to be allowed to take their machines on trains free of charge permanently.

During a five-week free travel for cycles experiment this summer cyclists were asked to fill out a card giving basic travel information. The information has been analysed and presented to the British Rail Board.

"The results are so encouraging that it is very likely that the Board will approve the idea." British Rail said yesterday.

About 40,000 tickets were issued to cyclists during the experiment, compared with 10,000 a year before.

British Rail previously charged half-fare for carrying bicycles up to a limit of £4.

From the evidence it seems that most of those taking free carriage were holidaymakers.

British Rail said there might be problems if a large number of commuters took advantage of the service, since there was a limit to the capacity of the guard's van.

Banned United announces record profits

BY RHYS DAVID, TEXTILES CORRESPONDENT

MANCHESTER UNITED stands to lose several hundred thousand pounds in gate money as a result of being banned from playing in the European Cup Winners Cup.

The ban, announced by the European Football Union from its headquarters in Berne yesterday, came after clashes in France between United fans and police before and during the match at St. Etienne, France, last week.

Ironically, the decision came the same day as the club was able to announce record profits for last season—based very largely on its success in English competitions, including the F.A. Cup, and on appearances in Europe.

The club's gross profit last year amounted to £564,937, and after payment of tax total earnings were £471,895. The profits have enabled United virtually to eliminate a £500,000 overdraft at the start of last year.

A successful run in Europe would have assured United, who have not needed to buy any expensive players recently, of another highly profitable year.

The club was defended by Mr. Denis Howell, Minister for Sport, who said that EUFA had made a hasty decision.

"We were collecting evidence ourselves about the failure of EUFA to take proper steps to control the situation." He had personally warned union officials a week before last wek's cup tie when he was in Brussels.

United, who follow Glasgow Rangers and Leeds in being barred from top European competitions, are to appeal.

●The Football Association yesterday suspended former Leeds and England manager, Don Revie, until he answers a charge of bringing the game into disrepute.

However, it has not applied to the International Federation of Football Associations to make the ban worldwide. Mr. Revie, therefore, will be able to continue in his recent appointment as national team manager in the United Arab Emirates, where he has signed a four-year contract worth £340,000. But he cannot take up any new position in England.

Telephones growth falls below 6%

BY DAVID FISHLOCK, SCIENCE EDITOR

GROWTH IN THE number of telephones world-wide has fallen below 6 per cent. for the first time in 20 years, according to an annual survey conducted by ITT, the American telecommunications manufacturer.

During 1975, the number of telephones increased by 21.2m.—a rise of 5.9 per cent.—to a total of 379.6m.

Over the ten-year period to January last year the number of telephones grew by 184.5m., an increase of 94 per cent.

During 1975, three more nations—China, Hong Kong, and Turkey—joined the category of those with more than 1m. telephones in service, bringing the total to 36 nations.

The U.S., with more than 149m. telephones, heads the league table, followed by Japan (45.5m.), U.K. (21m.), West Germany (19.6m.), and USSR (16.9m.).

In terms of telephones per 100 people, the U.S. with 69.49 led the world, followed by Sweden (66.07), Switzerland (61.09), Canada (57.15), and New Zealand (50.18). Britain has only 37.51 telephones per 100 population.

New safety rules could hit Japanese car sales

BY TERRY DODSWORTH

NEW TYPE approval regulations on car safety glass could hit Japanese vehicle exports to Britain next year, according to sources within the Japanese industry.

The type approval regulations, which govern the standards for cars on sale in the U.K., come into effect on April 1 next year. They will mean a tightening of present safety standards, says the Department of Transport.

Some areas of the Japanese industry regard this as a threat to their sales in the U.K., where regulations affecting foreign cars have been notably looser than in Japan itself in the past.

But Datsun U.K., the leading importer of Japanese cars in Britain, said yesterday that it envisaged no real problem in meeting the new standards in time.

Upward trend 'will bring investment from US.'

MR. BRUCE MILLAN, Scottish Secretary, said yesterday that he expected a considerable increase in American investment in Britain after the upward trend in the U.K. economy.

Mr. Millan, who has just returned from a five-day visit to the U.S., said he expected a number of companies to increase investment here.

"This will not produce results within a week or a month, but I am confident it will result in increased U.S. investment, particularly in Scotland, and more jobs for this country," he said in Edinburgh.

The improvement in Britain's economy had impressed American businessmen, "who were now considerably more interested in U.K. investment than they had been for some years.

"But Britain's reputation on industrial relations was still poor.

"I believe the reason for this is in our own preoccupation with these problems. The position is worse in the United States but they don't keep picking away at it."

Coal industry's 'time of hope'

BY JOHN LLOYD, INDUSTRIAL STAFF

A TIME OF HOPE and prosperity for the coal industry was forecast yesterday by Mr. Alex Eadie, Under-Secretary for Energy, at the Oxford summer school of the National Union of Mineworkers.

Mr. Eadie said his personal experience in the industry—he was a miner for 25 years—helped him make the forecast with confidence. There were, however, a number of uncertainties, over energy consumption, technology and economics.

Coal production had almost halved since the mid-fifties, three out of every four pits had closed and the manpower employed in the pits had shrunk by two-thirds. But the end of the cheap-oil era in 1973 had come "like a bucket of cold water on a dreaming nation."

It was necessary to integrate the energy industries' operations into the requirements of a long-term plan. "We believe that we are once more entering a period of economic growth, and that means energy growth," he said.

"We know that our reserves are such as to make coal potentially our one secure long-term fossil fuel. What is still under test, is our ability to tap that source consistently and economically in the long term."

Looking ahead to the year 2000—the perspective over which the National Coal Board is planning output—Mr. Eadie said that if the Board's demand estimate of 170m. tons by that year were to be fulfilled, it would require the equivalent of 30 new 2m. tonnes a year pits brought on stream between 1985 and 2000.

"The country is going to need a strong, healthy and efficient coal industry for as far ahead as one can care to look — provided the price of coal is right. If the price is right, the markets will be there, traditional ones and new ones," Mr. Eadie said.

Pound policy criticised

BY MICHAEL BLANDEN

THE GOVERNMENT'S policy of keeping the pound down in exchange markets could mean that the anti-inflationary benefits of the policies which have resulted in high unemployment will be wasted, Professor Harold Rose, economic adviser to Barclays Bank, says in the latest issue of the bank's review.

Holding the exchange rate down would not necessarily preserve the international competitiveness of British industry, Professor Rose says.

It could in future threaten the Government's domestic money supply targets.

So far, the increase in official reserves which has resulted from the policy had not caused any great problems of monetary control, for two main reasons: public sector borrowing has been lower than expected and gilt-edged sales have been high.

But in an argument which counters the ideas set out in last week's Bank of England Bulletin, Professor Rose suggests that a situation could arise this winter in which domestic investors sharply reduced their demand for gilt-edged stocks.

This could arise when the incomes policy was under strain and when gilt-edged prices could look less attractive as a source of short-term gains. It would bring an acceleration in the growth of money supply, perhaps at an awkward moment.

Professor Rose also suggests that the recent inflows may have been understated by the official reserve figures as a result of forward dealings by the Bank of England.

These would have the effect of transferring potential reserves to the private sector, providing a buffer against any future outflow of funds and postponing the resulting increase in the money supply.

If reserves had been rolled forward in this way, their eventual return to the published figures would support sterling but perhaps at the cost of aggravating the problem of monetary control, especially if the borrowing requirement at the same time returned to the Budget estimate.

Football players to have contract freedom

BY STUART ALEXANDER

More Home News on Page 26

Alderney plans to restrict immigration

Council watchdog urged

'Irresponsible'

Nature reserve

United
es
rofits

s growth
6%

هكذا من الأصل

s this really what's holding up British industry?

We're not about to enter the debate on the fluence of Karl Marx and friends, but let us state ree facts.

Problems, problems.

In 1976, strikes wasted about one man-hour in a ousand on British production lines.

In the same year inefficient storage and materials andling wasted up to one man-hour in six.

As a result, storage and materials handling cost ompanies an average 5% of turnover.

And a survey has shown that in every case, the ost was higher than it need be.

(Source: Department of Industry.)

Solutions, solutions.

Dexion make and sell a wider range of storage quipment than any other company in the world.

But before we sell you anything, we'll look at your ntire storage and materials handling system, nd show how it can be improved, no matter how big r small your company.

If our own products aren't the best solution, we won't recommend them.

The results, however, recommend themselves, as these two examples from the Department of Industry show:

1. A machine shop. Cube utilisation up from 12% to 32%. Number of movements down 45%. Stockholding reduced. Machine productivity increased. Investment recovered in two years.

2. A finished goods store. Cost of order selection down 75%. Cost of stores labour down 50%. Investment recovered in one year.

Should you need more persuasion, we'll be happy to send you 'The Book of 100 Answers', which describes 100 of our own case-histories.

It won't start a revolution. But it could help to make your storage and materials handling as small a problem as strikes.

DEXION®

We'll help you make money out of thin air.

DEXION LIMITED, MAYLANDS AVENUE, HEMEL HEMPSTEAD, HERTFORDSHIRE. TELEPHONE HEMEL HEMPSTEAD (0442) 42261. TELEX 82242.

LABOUR NEWS

Strikes at four Leyland plants makes 9,000 idle

BY NICK GARNETT, LABOUR STAFF

BRITISH LEYLAND'S bus and truck factories in Lancashire, which form a large part of one of the state-owned company's most profitable divisions, stood idle yesterday at the start of a strike by the 9,000 work force.

The strike, which follows a one-week holiday, has prevented production at the four-factory complex at Leyland which manufactures double-deck bus chassis, diesel engines, medium and heavy truck chassis.

It has also stopped production at Chorley of spare parts for a large number of British Leyland truck and bus products.

The company says distributors stock enough parts to meet immediate demand.

Production of vehicles at the division's several other factories which have separate plant agreements has not been affected by the dispute.

The stoppage was called before the holiday in support of a post-Phase Two claim for substantial unspecified wage rises, a shorter working week and a simpler shop-floor pay structure.

Apathetic

The company has offered a pay deal made up of an average 7.6 per cent. pay rise which takes into account grade restructuring. It has also offered a self-financing productivity deal which, it says, would provide up to 15 per cent. more in earnings on top of that.

Mr. David Hewitt, Leyland works convener, said yesterday that the company had become a low wage and low productivity set-up, so that workers had become apathetic and unco-operative.

A mass meeting of the workers is scheduled for Thursday. No meeting is planned with management before then.

The 3,800 shopfloor workers laid off indefinitely on Friday at the British Leyland factory at Bathgate, West Lothian, will be back at work to-morrow.

The 600 clerical workers agreed to modify their restrictive practices but will continue their two-days-a-week strike action in support of a pay claim.

Car production resumed at Jaguar in Coventry with the recall of 2,000 assembly workers, laid off for two weeks because of a dispute at the Desouter component company.

Leyland will recall 2,000 Dolomite production workers to-day at Triumph in Coventry, and 3,000 in Liverpool, laid off for two weeks because of the Lucas strike.

Assembly of forklift trucks was halted at the Coventry Climax factory because of a continuing strike by service fitters. Another dispute at the same plant was called off with the return to work of 18 setters who agreed to have fresh talks with the management about a new bonus scheme.

Controllers picket air authority offices

By Our Labour Staff

THE LONDON headquarters of the Civil Aviation Authority were picketed yesterday by air traffic control assistants who are now in the third week of their all-out strike in support of a pay settlement blocked by pay policy.

The assistants, whose action has cut flights from U.K. airports by almost half, held their protest outside the entrance of the authority's administrative offices in Kingsway, central London.

The assistants' union, the Civil and Public Services Association, warned yesterday that the dispute could spread unless there were early signs of a settlement.

Approach

Mr. Clive Bush, of CPSA, said that talks were planned this week with the specialist teleprinter operators responsible for programming the flight computer at the West Drayton air traffic centre.

He said the programmers in the next few weeks would have to feed in information for new winter flight schedules.

"The object so far was to have as few members as possible involved but now we are having to put a bit of bite into it," he said.

Mr. Bush said that the union was still waiting for an approach from management to try to settle the three-week-old dispute.

Compromise

"We have had no approach from them, no suggestions of compromise and no suggestions of any kind. They are just sitting back and as long as they are using public funds they are no doubt prepared to do so," he said.

"The ball really is in their court. We are prepared to talk at any time."

Mr. Bush said members of the Transport and General Workers' union at Birmingham Airport had started an attempt to block fuel supplies, in sympathy.

Peace formula may end bread strike

BY PAULINE CLARK, LABOUR STAFF

PROSPECTS for an end soon to the nine-day-old national bread strike brightened yesterday as Bakers' Union leaders and employers got round the table to study a new peace formula.

Recommendations on a solution to the bakers' strike had been worked out over the week-end by Dr. Norman Ross of Birmingham University, who is mediating in the dispute. They were presented to Mr. Jim Mortimer, chairman of the Advisory, Conciliation and Arbitration Service, before the meeting last night.

Yesterday's talks centred on the issue of Bank Holiday pay for union members employed by Britain's big three bakeries represented by the Federation of Bakers.

Attempts to settle the dispute immediately before the week-end failed when leaders of the Bakers' Union rejected an offer of an ex-gratia payment to those members whose pay was stopped for refusing to work over August Bank Holiday.

The union has emphasised that the issue is not so much about cash for August Bank Holiday as about voluntary, rather than compulsory, working on national holidays in the future. Under the compulsory system, the union complains that its members forfeit their pay if they refuse to work on a national holiday.

Small independent bakeries employing Bakers' Union members who supported the strike last week were mostly back to work yesterday. The union accepted their case for exemption at the end of last week.

But some casualties have already emerged. Mr. Thomas Barrett, group secretary for the Cardiff-based bakery concern, Avana Group, said yesterday there was no reprieve for the group's cake factory in Rogerstone, Gwent. The factory is to close because of the strike, making some 300 people redundant.

Mr. Barrett's comment followed a reserved call earlier in the day by Mr. Neil Kinnock, Labour MP for Bedwellty, for reinstatement of the workers in the factory.

Tough pay talks begin at Ford and Vauxhall

BY ALAN PIKE, LABOUR CORRESPONDENT

HARD BARGAINING will begin this week on pay claims by manual workers employed by two of the big four motor manufacturers, Ford and Vauxhall.

Ford unions led by Mr. Moss Evans, general secretary-elect of the Transport and General Workers' Union, will meet the company to-morrow for detailed talks on the pay offer.

This proposes increases in earnings of between about 8.5 and 10.5 per cent. plus a series of fringe improvements.

Ford management is certain to argue in the negotiations that such a demand is unrealistic with more than 100,000 cars on its order books at present and overtime running at its highest level for some time.

Negotiations on behalf of Vauxhall workers will begin on Saturday. They have been offered increases worth about 8.5 per cent. in response to demands for substantial rises. Pressures on the company to increase this is expected.

Both offers would consolidate Phase Two supplements into basic rates which means that they could count in the calculation of overtime and other premium payments.

Teachers aim to restore differentials

By Michael Dixon, Education Correspondent

A PAY CLAIM to restore differentials for senior teachers was lodged with the Burnham salary-negotiating committee in London yesterday by the 19,000-member National Association of Head Teachers.

Under the claim—which the association said would fall within the Government's 10 per cent. guidelines—rises would taper in reverse from nearly 22 per cent. to £12,361 for the heads of the 21 biggest schools, to only 4 per cent. for newly engaged non-graduate teachers, whose salary would be £2,808.

Courtaulds hit by strike

PRODUCTION was hit yesterday at Courtaulds' main factory in Coventry where employees are on strike over a productivity pay claim.

The two-week-old dispute worsened on Friday when the 600 workers walked out, protesting at foremen doing their jobs during a work-to-rule and overtime ban.

The strikers were warned immediately that they faced disciplinary action by the stopping of pay. Some returned to work.

Stewards have called a mass meeting of the strikers for to-day to decide on any developments.

At the same plant, a ban on overtime is being continued by 150 union members. They are claiming a similar productivity wage increase.

Overtime ban

LOCAL TRAIN services on four lines out of Liverpool Street station, London, were severely cut yesterday because of a train drivers' dispute.

Crews are refusing to work overtime because of their objections to a British Rail scheme to replace local depot managers with area managers.

British Rail expects normal services to-day.

HOME CONTRACTS

£5m. Tartan Field order for Ruston Gas Turbines

RUSTON GAS TURBINES, Lincoln, part of the General Electric Company of England, has won an order worth more than £5m. from Texaco North Sea U.K. Company. The equipment, for the company's production platform in the North Sea's Tartan Field, comprises five generator sets for drilling and platform services, two main oil line pump sets, three water injection pump sets and three gas compressor sets.

★

TARMAC is carrying out another £3m. worth of extensions at the Devro sausage casings factory at Bellshill, Glasgow. It will mean two further extensions to the factory, involving stainless steel engineering work, and the provision of control systems and instrumentation, as part of a plan for a total of 40 separate production lines.

★

BALFOUR BEATTY CONSTRUCTION, part of the Balfour Beatty Group of BICC, has been awarded a contract by British Nuclear Fuels for building and civil engineering work at Windscale, Cumbria. Work has already commenced and is due for completion in about four years.

★

SHANKS AND McEWAN (ENGLAND), Corby, Northants, has been awarded the Ise Valley main drainage contract, Stage II, by the Anglian Water Authority. Worth £1¼m., it covers every item necessary to complete construction of a trunk sewer in the Ise Valley between Kettering and the existing Finedon sewage treatment works. Work will include laying about 3,600 metres of 1,200 mm diameter concrete sewers in open cut and approximately 700 metres in tunnel using pre-cast concrete bolted segments.

★

TI ANDERSTON CLYDE, a TI Steel Tube Division company of Ince, near Wigan, has won an order worth £600,000 from the Ministry of Defence for barrier net stanchion sets which form the main operating components of aircraft arrester equipment.

★

LEE BEESLEY, part of the European Ferries Group, has won a £450,000 contract for ele[...] installation in the new ext[...] to Leyland Cars' transmi[...] factory at Drews Lane, Bi[...]ham. Work includes the in[...]tion of 28 roof-level power [...]bution centres sup[...] machinery, lighting, intern[...] phone, heating and vent[...] requirements. Lee B[...] recently completed a simila[...]tract at Leyland's new [...] factory at Solihull.

★

PERMUTIT-BOBY has re[...] an order worth about £[...] from Conoco North Sea [...] operator of the Murchison [...] for the CNSI/BNOC/Gulf [...] for sea water treatment on [...] Murchison Field develo[...] platform. Six Varivoid pr[...] filters, erected in pairs on [...] skids, will be employed o[...] new platform for wat[...] requirements.

★

BURROUGHS has receiv[...] order from Priestman Br[...] an Acrow subsidiary, worth [...] than £250,000 for a Bur[...] B1720 computer system to[...] with software packages co[...] of production control syste[...] spares order processing sy[...] The new system is expec[...] provide the company [...] improved control over p[...]ing, stock levels and pro[...] planning.

★

SYSTIME, Leeds, has [...] awarded a contract [...] Inner London Ed[...] Authority for a computer [...] to be installed at the [...] London Polytechnic, wh[...] will provide a service for [...]minals in a variety of [...] and colleges.

★

MECHATHERM ENGINE[...] Wolverhampton, has rece[...] order worth more than [...] from Alcan Booth Sheet [...] gas-fired billet heating fur[...] be installed at their Rog[...] works. The furnace will [...]able of an output of 7 [...] per hour of aluminium bi[...] to 22 ins diameter hea[...] 500°C.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on September 19, 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F[...] rate; (T) tourist rate; (n.c.) non-comm[...] rate; (n.a.) not available; (A) approximate no direct quotation available; (sg) selling (bg) buying rate; (nom.) nominal; ([...] exchange certificates rate; (P) based on dollar parities and going sterling dollar (Bk) bankers' rate; (Bas) basic rate; commercial rate; (cn) convertible rate; financial rate.

Sharp fluctuations have been seen in the foreign exchange market. Rates [...] table below are not in all cases closing rat[...] the dates shown.

Place	Local Unit	Value of £ Sterling
Afars & Issas	Djibouti Franc	♥
Afghanistan	Afghani	78(A)
Albania	Lek	(O)10.10(A) n.a.
Algeria	Dinar	7.10(sg)
Andorra	French Franc	8.59
	Spanish peseta	147.42½
Angola	Kwanza	70.50
Antigua (S)	E. Caribbean $	4.7054
Argentina	Ar. Peso Free Rate	755.55
Australia (S)	Australian $	1.57900
Austria	Schilling	28.85
Azores	Portug. Escudo	70.50
Bahamas (S)	Ba. Dollar	1.742
Bangladesh (S)	Taka	28.50(sg)
Bahrain (S)	Dina	0.687
Balearic Is.	Spa. Peseta	147.42½
Barbados (S)	Barbados $	3.484
Belgium	B. Franc	(cm)62.50 (fm)62.50
Belize	B $	3.484
Benin	C.F.A. Franc	429½
Bermuda (S)	Bda. $	1.742
Bhutan	Indian Rupee	15.15(sg)
Bolivia	Bolivian Peso	34.84
Botswana (S)	Pula	1.44265
Brazil	Cruzeiro	26.89
Br Virgin Is(S)	U.S.$	1.742
Brunei (S)	Brunei $	4.2560
Bulgaria	Lev	1.6540
Burma	Kyat	12.65
Burundi	Burundi Franc	156.98
Camero'n Rp	C.F.A. Franc	429½
Canada	Canadian $	1.8715
Canary Is.	Spanish Peseta	147.42½
Cape Verde I.	Cape V Escudo	70.50
Cayman Is. (S)	Cay. I. $	1.45167
Cent. Af. Rp.	C.F.A. Franc	429½
Chad	C.F.A. Franc	429½
Chile	C. Peso	(Bk) 48.58
China	Renminbi Yuan	3.2110
Colombia	C. Peso	(F)64.50
Comoros I'ds.	C.F.A. Franc	429½
Congo (B'lle)	C.F.A. Franc	429½
Costa Rica	Colon	14.9812
Cuba	Cuban Peso	1.5798
Cyprus (S)	Cyprus £	0.71455
Czechoslovak.	Koruna	(com)9.70 (nc) 18.70 (T)16.89
Denmark	Danish Krone	10.76½
Djibouti	Fr.	300(sg)
Dominica (S)	E. Caribbean $	4.7054
Domin. Rep.	Dominican Peso	1.742
Ecuador	Sucre	(O) 43.55 (F)45.65
Egypt	Egyptian £	0.675 (T) 1.21
Ethiopia	Ethiopian Birr	(P) 3.61607
Eq'l Guinea	Peseta	147.42½
Falkland Is. (S)	Falkland Is. £	1.0
Faro Is.	Danish Krone	10.76½
Fiji Is. (S)	Fiji $	1.600
Finland	Markka	7.255
France	French Franc	8.58
Fr. C'tyin Af♦	C.F.A. Franc	429½
Fr. Guiana	Local Franc	8.58
Fr. Pac. Is.	C.F.P. Franc	156.18
Gabon	C.F.A. Franc	429½
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	4.05½

Place	Local Unit	Value of £ Sterling
Germany West	Deutschmark	4.05½
Ghana (S)	Cedi	1.9956
Gibraltar (K)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.57900
Greece	Drachma	63.9555
Greenland	Danish Kroner	10.76½
Grenada (S)	E. Caribbean $	4.7054
Guadaloupe	Local Franc	8.58
Guam	U.S. $	1.742
Guatemala	Quetzal	1.742
Guinea Rep.	Sily	39.5765
Guinea Bissau		70.5858
Guyana (S)	Guyanese $	4.4421
Haiti	Gourde	8.710
Honduras Rep	Lempira	3.50
Hong Kong (S)	H.K. $	8.1425
Hungary	Forint	(com) 70.86 (nc) (T) 54.92
Iceland (S)	I. Krona	357.05
India (S)	Ind. Rupee	15.1309(sg)
Indonesia	Rupiah	722.95
Iran	Rial	(A) 1.5
Iraq	Iraq Dinar	0.5145659
Irish Rep (k)	Irish £	1.00
Israel	Israel £	17.5458
Italy	Lira	1.5595
Ivory Coast	C.F.A. Franc	429½
Jamaica (S)	Jamaica Dollar‡‡	2.1775
Japan	Yen	467
Jordan (S)	Jordan Dinar	0.569(sg)
Kampuchea	Riel	2098.40
Kenya (S)	Kenya Shilling	14.440
Korea (Nth)	Won	5.6(g)
Korea (Sth)	Won	845.49
Kuwait (S)	Kuwait Dinar	0.493
Laos	Kip Pot Pol	548.48
Lebanon	Lebanese £	5.4265
Lesotho	S. African Rand	1.516162
Liberia	Liberian $	1.742
Libya	Libyan Dinar	(P)0.515707
Liecht'stein	Swiss Franc	4.14¾
Luxembourg	Lux Franc	62.50
Macao	Pataca	8.7274
Madeira	Portug'se Escudo	70.50
Malagasy Rp.	MG Franc	429½
Malawi (S)	Kwacha	1.5875
Malaysia (S)	Ringgit	4.2820
Maldive Is. (S)	Mal Rupee	6.848
Mali Rp.	Mali Franc	859.0
Malta (S)	Maltese £	0.75555
Martinique	Local Franc	8.58
Mauritania	Ouguiya♣	86.155
Mauritius (S)	M. Rupee	11.58796
Mexico	Mexican Peso	39.80
Miquelon	C.F.A. Franc	429½
Monaco	French Franc	859
Mongolia	Tugrik	(O)0.225(g)
Montserrat	E. Caribbean $	4.7054
Morocco	Dirham	7.84(sg)
Mozambique	Moz. Escudo	58.1825
Nauru Is.	Aust. Dollar	1.57900
Nepal	Nepalese Rupee	21.775
Netherlands	Guilder	4.30
Neth. Ant'les	Antillian Guild	3.11818
New Hebrides	Franc	138.828
	Austl. Dollar	1.57900
N. Zealand (S)	N.Z. Dollar	1.7964
Nicaragua	Cordoba	12.24
Niger Rp.	C.F.A. Franc	429½
Nigeria (S)	Naira	1.149871(sg)
Norway	Nrwg. Krone	9.58¾
Oman Sultanate of (S)	Rial Omani	0.600
Pakistan	Pkst. Rupee	16.85(sg)
Panama	Balboa	1.742
PapuaN.G. (S)	Kina	1.2798

Place	Local Unit	Value of £ Sterling
Paraguay	Guarani	[illegible]
P'p'l's D.Rp. of Yemen (S)	S. Yemen Dinar	[illegible]
Peru	Sol	[illegible]
Philippines	Ph. Peso	[illegible]
Pitcairn Is. (S)	£ sterling	[illegible]
	New Zealand $	[illegible]
Poland	Zloty	[illegible]
Portugal	Pgse Escudo	[illegible]
Port Timor	Timor Escudo	[illegible]
Principe Isle.		[illegible]
Puerto Rico	U.S. $	[illegible]
Qatar (S)	Qatar Ryal	[illegible]
Reunion, Ile de la	French Franc	[illegible]
Rhodesia	Rhodesian $	[illegible]
Roumania	Leu	[illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher (S)	E. Caribbean $	[illegible]
St. Helena	St. Helena £	[illegible]
St. Lucia (S)	E. Caribbean $	[illegible]
St Pierre	C.F.A. Franc	[illegible]
St. Vincent (S)	E. Caribbean $	[illegible]
Salvador El	Colon	[illegible]
Samoa (Am.)	U.S. $	[illegible]
San Marino	Italian Lire	[illegible]
Sao Tome	Pgse. Escudo	[illegible]
Saudi Arabia	Ryal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	S. Rupee	[illegible]
Sierr Le'ne (S)	Leone	[illegible]
Singapore (S)	Singapore $	[illegible]
Solomon Is (S)	Australian $	[illegible]
Somali Rep.	Som Shilling	[illegible]
Sth. Africa (S)	Rand	[illegible]
S.W. Africa Territories (S)	S. A. Rand	[illegible]
Spain	Peseta	[illegible]
Span. Ports in North Africa	Peseta	[illegible]
Sri Lanka (S)	S. L. Rupee	[illegible]
Sudan Rp	Sudan £	[illegible]
Surinam	S. Gilder	[illegible]
Swaziland (S)	Lilangeni	[illegible]
Sweden	S. Krona	[illegible]
Switzerland	Swiss Franc	[illegible]
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania (S)	Tan. Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Rp.	C.F.A. Franc	[illegible]
Tonga Is. (S)	Pa'anga	[illegible]
Trinidad (S)	Trin. & Tobago	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & C's	U.S. $	[illegible]
Tuvalu	Australian $	[illegible]
Uganda (S)	Ug. Shilling	[illegible]
Utd. States	U.S. Dollar	[illegible]
Uruguay	Uruguay Peso	[illegible]
Utd. A'b Emis.	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	[illegible]
Upper Volta	C.F.A. Franc	[illegible]
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam (Nth)	Dong	[illegible]
Vietnam (Sth)	Piastre	[illegible]
Virgin Is. U.S.	U.S. Dollar	[illegible]
Western Samoa (S)	Samoan Tala	[illegible]
Yemen	Ryal	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Rp.	Zaire	[illegible]
Zambia	Kwacha	[illegible]

♦ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
♦♦ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 cents per cent.
♣ The Ouguya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.
♥ Afars and Issas now Djibouti.
(x) General rates of oil and iron exports 7.3164.
(g) The Mongolian tugrik has lately been reported as standing at an official commercial rate of 0.225 Russian roubles, the North Vietnamese dong at 0.306 roubles and North Korean won at 0.7493 roubles. With the [...] standing at 1.26 roubles the following relationships [...] be calculated for the pound: £=£5.60 tugriks, [...] dongs, £=1.832 won.
* Rate is the Transfer market (controlled).
** Rate is now based on 2 Barbados $ to the dol[...]
‡ Now one official rate.
‡‡ Two-tier system introduced April 26. Rate is for es[...] non-essential imports and tourism. Rate for ess[...] imports 1.5678.

FINANCIAL TIMES SURVEY

Tuesday September 20 1977

European Machine Tools

Producers of machine tools and the major European Governments are becoming increasingly worried about the industry's failure to move out of recession. An increase in orders has been predicted but this has simply not happened.

Recession refuses to respond to the normal rules

THE EUROPEAN machine tool exhibition which opens to-day in Hanover has taken on a significance the organisers could hardly have had in mind when they began planning the event four years ago. For it could provide some of the answers to questions about which manufacturers have been becoming more and more concerned. The main question, of course: when will the current recession end?

As 1,550 companies from 29 countries representing about 95 per cent. of the world's machine tool output will be taking part, by the end of the exhibition the state of order books and inquiry forms should provide some essential clues.

This recession has stubbornly refused to act according to the rules. Judging by past experience, by this time in the cycle of demand for machine tools the trend should be firmly upwards. Eighteen months ago some companies were even forecasting they might be running short of capacity about now. Instead, there was a slight lift off the bottom of the trough last autumn followed by a plateau in demand until the spring when there was another small advance. This has been followed by a slight downward drift in new orders.

And it is a long time since the European machine tool industry had its last boom. It was in 1970. After a long period of stagnation there was in 1974—triggered by the oil crisis—a worldwide drop in demand. Production and employment has fallen steeply. For example, the output of Western Germany, Europe's largest producer, in 1976 was only about 82 per cent. of that for 1970. Even in countries like Switzerland, where short-time working was previously never known, three-day working has been quite widespread in the industry. In the U.K. some companies are working at only 60 per cent. of capacity and several concerns are approaching the point when significant lay-offs will have to be considered.

It is not only the manufacturers themselves who are worried. Governments, too, are concerned. The machine tool industry, after all, is considered a key sector in any manufacturing country. Its products, which shape and cut metal, are used by a wide variety of manufacturing industries and all the European governments seem to agree that a healthy machine tool industry, involved in higher technology, must have a beneficial effect on industry as a whole.

At the same time machine tool manufacturing has a significant effect on the labour market. In fact, 2,000 kg. of product is enough to provide a shop floor employee, and someone on the administrative side to back him, with work for a year. The cost of raw and semi-finished materials incorporated in the construction usually do not amount to 10 per cent. of the selling price, while the cost of labour comes to between 40 and 45 per cent.

Approach

Some European governments have been more direct than others in their approach to the machine tool industry's problems. The French introduced a financial aid scheme for the industry itself. It did not succeed because, so the manufacturers claim, it came with so many strings attached that very few companies qualified for the 100 per cent. grants on offer. A new scheme is promised.

The U.K., too, has a financial aid scheme for the industry. This is successful in that all the £30m. offered will be taken up and in turn should generate around £160m. of investment by the U.K. machine tool makers themselves, not just updating capacity but also introducing higher technology into their products.

Italy concentrates its efforts on encouraging users of machine tools to invest. Purchasers are offered low-interest, long-term money against the acquisition of a particular machine tool—the rate earlier this year was running at 6 to 7 per cent. for five-year money against the 20 per cent. which major companies were having to pay for bank loans. It is estimated that 25 to 30 per cent. of the machine tools bought by Italian companies are financed through this scheme.

In West Germany and Switzerland, however, there is no sign that the governments are willing to step in with overt support for the machine tool manufacturers. There are, however, indications that aid for manufacturing industry as a whole might be on the way in West Germany.

West Germany, as the accompanying table shows, is not only the largest machine tool producer in Europe, but it also leads the world. It has 400 or so companies, with perhaps 15 of them large by this industry's standards—that is employing over 1,000 people. However, the European industry's "giants" have sprung up elsewhere, in France and the U.K. in particular where mergers in the 1960s changed the structure of the local industry. The impact and length of the current recession is forcing more restructuring: in France the government is prodding together some companies, using Renault, second largest of the machine tool groups, as the nucleus. In West Germany the restructuring has been via mergers or simply from companies going out of business, as happened to Ludwigsburger of Stuttgart.

In the past the West German accounting practice which allow manufacturing companies to build up a decent layer of financial fat to see them through the lean periods of the demand cycle have helped the machine tool makers survive recessions without too many problems.

Couple this with the immense flexibility of the West German industry, made up as it is in the main of medium-sized family companies able to take swift decisions and act on them immediately, and it is not difficult to understand why some of its European neighbours have seen West Germany as the major threat to home-grown manufacturers.

For example, the French Government has made three or four attempts in the 1970s to encourage some kind of links between France's machine tool makers and those in the U.K. The idea was not that there should be full-blooded mergers, but that companies might co-operate on such things as design, production methods, in selling to third markets and perhaps giving one another preference when setting up "turnkey" projects. There is no doubt that the aim was to make the two countries better placed to battle with the West Germans—in this industry the Americans and the Japanese have yet to tackle overseas markets in as serious a way as they have proved is possible with other machinery.

What the French did not expect was that the day would come when the West German industry would be cutting prices ruthlessly in order to generate enough income to cover overheads. Some machine tools have been offered in the U.K. at 30 per cent. below the price of an equivalent machine made by a British company—and the British prices in turn have been cut to the bone. In general the industry sympathises strongly with the plight of the West Germans and Swiss who have had to come through the recession trying to export while having to quote in over-valued currencies.

As it happens, the U.K. market provides one relatively bright spot in the general European gloom. Demand is much better than last year. The effects of industry financial aid schemes and those designed to pull forward capital investment are beginning to be felt. For example, the machine tool industry itself will buy something in the region of £50m. of its own products over the next two years as a result of the machine tool industry aid scheme.

Schemes

However, counter-cyclical schemes promoted by France, West Germany and the U.K. in the recent past are considered by the manufacturers to have created problems rather than doing much good. They ceased bunching of orders as customers rushed to beat closing dates and left the local machine tool makers with a dearth of new orders for some months afterwards. The counter-cyclical schemes can only be expected to encourage companies to advance planned investment programmes—they do not create new investment. Unfortunately for the machine tool makers, the counter-cyclical schemes came and went but the recession did not let up.

Outside of the flat European scene, however, there have been areas of buoyancy where there have been opportunities for export sales. In these third-country markets, though, the business usually goes to the country which is willing to provide the cheap, buyer-credit. Thus, the U.K. should do well out of the Ursus tractor project in Poland because of the U.K. finance involved. The French will benefit from Renault's contract to build a car plant in Portugal. And so on.

WORLD MACHINE TOOL PRODUCTION AND TRADE 1976 (est.)

(U.S.$m.)

Country	PRODUCTION Total	Cutting	Forming	TRADE Export	Import
West Germany (FGR)	2,393.2	1,479.6	913.6	1,636.5	234.4
United States	2,030.0	1,440.0	590.0	530.0	335.0
Soviet Union*	1,915.2	1,372.6	542.6	222.1	600.0†
Japan	1,078.6	806.4	272.2	338.2	92.2
East Germany (GDR)*	776.1‡	604.5‡	171.6‡	620.0†	200.0†
Italy	708.6	456.4	252.2	348.3	144.1
Great Britain	634.7	466.3	168.4	318.3	252.6
France	627.2	451.6	175.6	271.8	342.9
Switzerland	523.3	444.8†	78.5†	419.6	69.1
Poland*	499.3	449.8	49.5	159.0	480.0
Czechoslovakia*	355.7	251.1	104.6	207.8	98.3
China	325.0†	250.0†	75.0†	5.0†	60.0†
WORLD TOTAL	13,141.6	9,339.5	3,802.1	5,753.7	4,299.4

* Controlled currency at official conversion rate; real equivalent hard to determine. † Rough estimate from fragmentary data. ‡ Target.

Source: "American Machinist" February, 1977.

On the face of it the prospects of a significant change in the industry's fortunes do not seem bright. Demand for machine tools is firmly linked with capital investment generally and with investment by the automotive industry in particular.

The latest OECD outlook indicates an overall growth in GDP of just over 4 per cent. in member countries in 1977, declining slightly in the first half of 1978. World trade is expected by most forecasters to grow at a slower rate this year and 1978 than in 1976. The U.S. seems to be well below the 10 per cent. capital investment target fixed by the administration and in other advanced industrial countries only a small increase in investment this year and next seems likely.

At first sight the outlook for sales to the motor industry looks bleak in that there is certainly over-capacity in Europe. The Paris-based, bank-backed Euroeconomics forecasting group estimated recently that demand in the 1977-81 period would average 10.5m. units a year while capacity is currently 12m. units. But the machine tool men hope that the change in demand pattern for cars, with people looking for less gas-hungry automobiles, will create considerable retooling and call on their products. (Although only a small proportion of the machine tool companies actually supply the car makers themselves, the spin-off for other manufacturers is considerable because components suppliers usually also have to retool.) An example of what might be in the pipeline is British Leyland's new Mini project which could bring £100m. of orders for the U.K. machine tool industry and possibly £20m. for other European countries.

Then many machine tool men would argue that the equipment used by Europe's manufacturing industry is fast wearing out and a big replacement programme is necessary.

Recent machine tool po[...] tion analyses produced by [...] zines "American Machinist" and "Metalworking Production" for example, showed that proportion of machine tools under ten years old—the traditional yardstick of obsolescence—was only 33 per cent. in the U.S., 39 per cent. in the U.K., 37 per cent. in West Germany. In France seems to be on a [...] with the U.K., a survey showed 34 per cent. of machine tools are under eight years of age.

Population

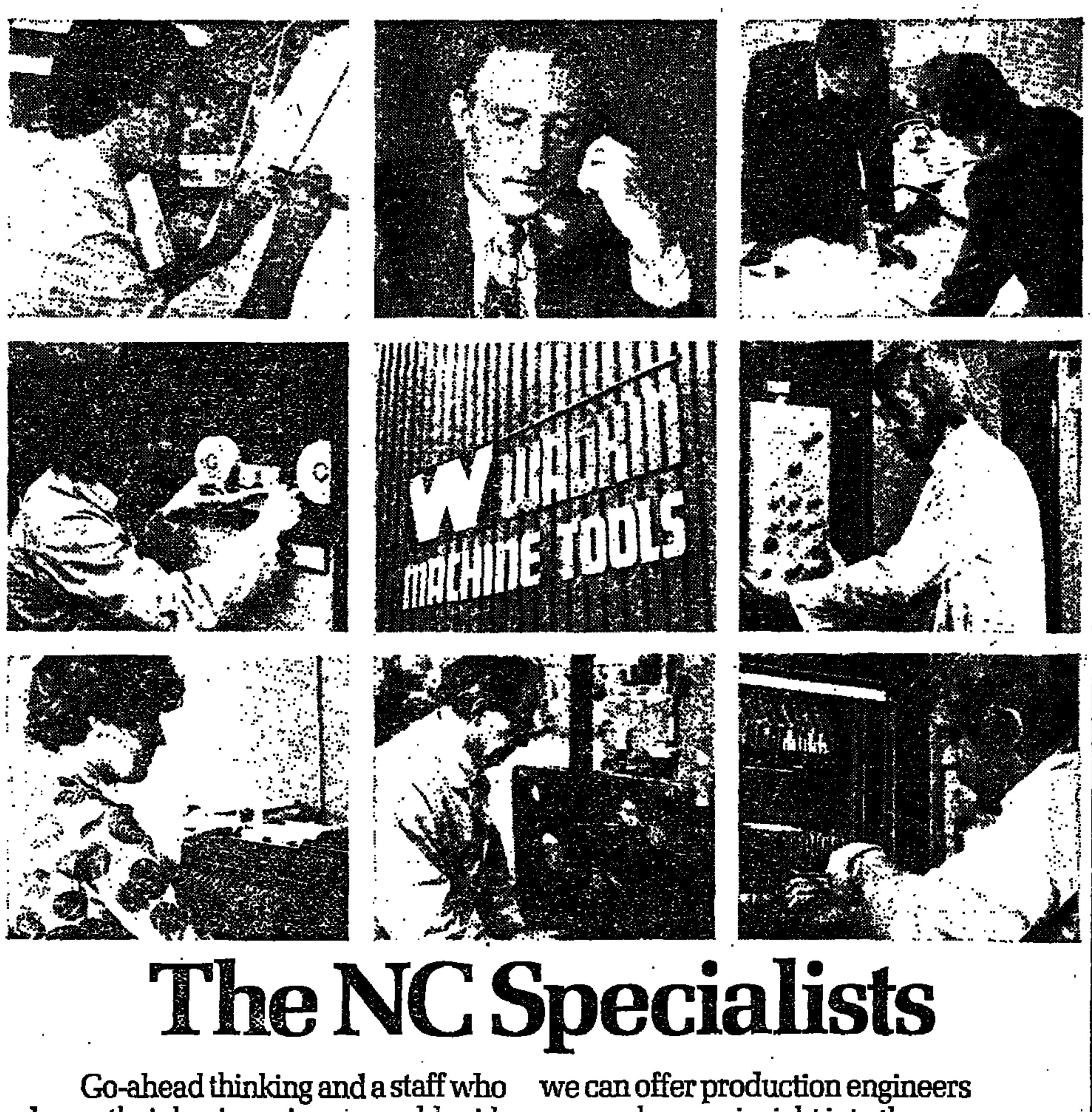
Only Italy has a relatively young machine tool population with 41 per cent. less than [...] years old. This might be because Italy has only recently become an industrialised country compared with the others, but it also seems that Italian machine tool finance scheme actually encourages customers to change more often.

The figures from Japan, as is frequently the case, are remarkable when set against the rest. Some 60.5 per cent. of machine tools are under [...] years old, which explains [...] it sits so high in the [...] league table as a [...] turer, yet does not figure strongly in world trade.

That day might well come [...] the meantime, the developing countries are beginning to [...] it clear that not only [...] intend to build up machine industries of their own, but also expect them to become [...] porters. At the Hanover exhibition this week, for example, India, Taiwan and Israel [...] putting machine tools on show.

This is obviously going [...] give the established machine tool countries some headaches in the longer term. For [...] time being, however, they still preoccupied with the immediate problem. When [...] the recession end?

Kenneth Gooding
Industrial Correspondent



Specialists retain their identity

THE MACHINE tool industry in Britain evolved from a large number of small family companies and the present structure reflects this fact. There are currently about 150 companies devoted exclusively to the manufacture of machine tools and, even though some of them are now members of large groups, the small companies tend to have retained their identities as specialist producers.

The pattern is similar among the U.K.'s major competitors and the average size of companies is not significantly different in the U.S. or West Germany, for example.

Two things distinguish the British industry from the others however: the extent of the American influence in the industry and the tendency for manufacturers also to act as importers and factors of other people's machine tools.

It is estimated that 35 to 40 per cent. of machine tool production in the U.K. is controlled by American-owned companies and their presence in Britain has contributed considerably to the health of the industry.

On the other hand, the success British companies have had selling the imported machines with which they fill out their ranges has probably done more harm than good in balance-of-payments terms.

Restructuring

A major restructuring of the industry took place in the 1960s and this resulted in the formation of seven large groupings which account now for around 50 per cent. of machine tool production. The seven are, in alphabetical order: John Brown, which through Wickman and its subsidiaries last year had a machine tool manufacturing turnover of £48.29m. and pre-tax profits of £2.56m.

Cincinnati Milacron, owned by the U.S. group of the same name but which has been operating in the U.K. since 1934. CM accounts for about one-quarter of the numerically controlled machine tools made in Britain and for more than one-third of those exported. Sales top the £32m. mark.

B. Elliott, which takes in Butler Machine Tool and Snow and Co. as well as Elliott Machine Tools. Elliott has diversified into other engineering products while cutting back on its machine tool business for which it gives no separate statistics. The group as a whole last year had a turnover of £57m. and a taxable profit of £4.2m.

Alfred Herbert, once the industry's most notorious lame duck but which is now being nursed back to health by a new management team, had a 1976 turnover of £49.4m. on which it made a pre-tax profit of £0.685m.

Staveley Industries' U.K. machine tool businesses, Asquith Drummond, Kearns-Richard and Staveley-Lapointe, made a £1.6m. taxable profit on sales of £27.2m.

The 600 Group, which now insists it is "the U.K.'s largest maker of machine tools" and takes in such well-known names as Colchester Lathe, W. E. Sykes, F. J. Edwards and so on, had a turnover of £51.3m. and pre-tax profits of £4.56m. in the year to March.

Tube Investments' "machine division," which TI claims "is one of the largest machine tool and associated equipment organisations in Europe," has Matrix and Charles Churchill among its best-known businesses. TI's machine division had sales of £42m. and profits before interest of £0.8m. last year.

The gap in turnover terms between the "big seven" and the medium-sized companies is considerable. Wadkin, which has made a world-wide success of its woodworking machinery, had 1976 sales of £15.8m. and taxable profits of £1.7m. for example. Another "quoted" company in the sector, A. A. Jones and Shipman, made pre-tax profits of £1.8m. on an £11.6m. turnover.

Hartle Machinery International, which includes such names as Ackworthie, Alexander Machinery, Broadbent, Qualters and Smith Bros., and Stanley Machine Tool within its operations, also claims "one of the largest machine distribution businesses in the U.K." headed by Hartle-Stedall. Hartle's turnover and profits were depressed last year by the poor trading conditions and came out at £7.6m. and £78,000 respectively. But in the previous year sales reached £8.5m. and pre-tax profits £270,000.

Adcock-Shipley, now part of the Textron conglomerate and therefore American-owned, must be about the same size as Hartle but takes care not to reveal any figures.

The mergers of the 1960s were not always successful. Alfred Herbert's problems became overwhelming and in 1975 the Government stepped in with a £25m. cash injection, Herbert became State-owned and is now controlled by the National Enterprise Board.

Mergers

It was not the first State-owned U.K. machine tool group. For a time Kearney and Trecker Marwin was also in that position. The marriage of Kearney and Trecker with Marwin was one of the last of the big mergers. The idea was to put together the two companies which carried the British flag at the high technology end of the machine tool business. But the burden of debt heaped on the new concern by its cumbersome financial structure gave it no chane. The Government had to step in with help. The first time this was done, control of KTM went to the Department of Industry. The second aid scheme, which took effect in 1976, switched control to Vickers which could provide the financial support and the extra management strength required.

KTM, second to Cincinnati Milacron as a maker of numerically controlled machine tools, made a much healthier pre-tax profit of £210,000 last year on sales down from £12.9m. to £10.4m.

All this goes to show how much interest U.K. governments have taken in the machine tool industry. There is a general conviction that the industry is vitally important to the U.K. economy and there are benefits to be gained by manufacturing industry as a whole from Britain having a technological lead in machine tools. This concern has been expressed in various tangible ways.

For example, the machine tool manufacturers were among the first to benefit from one of the industry aid schemes the present government has introduced. First launched in August, 1975, the aid scheme now offers the industry £30m., a comparatively large sum when compared with the industry's £381m. sales in 1976 or the 49,000 people employed. The scheme got a poor initial reception. But after various changes were made and after suspicions about the government's motives were allayed, it has become reasonably successful.

By the beginning of A[...] there was no doubt that al[...] £30m. will be taken up and around £167m. of invest[...] will have been stimulated w[...] the industry. And the cl[...] date for applications is not the end of December.

In another attempt to hel[...] industry during the reces[...] the Government also gave National Enterprise Board go-ahead to introduce a ma[...] tool stockbuilding scheme. NEB is offering loans to [...] panies wanting to [...] machines for stock. The [...] is offered on commercial t[...] but interest payments ca[...] deferred for up to two y[...] The money can be paid ba[...] the machines which have [...] stockpiled are sold before two years is up.

This scheme has met only a modest response but only a relatively few type[...] machine tools can be buil[...] stock. Most machine tool[...] corporate significant sp[...] features for the indivi[...] customers and could be partly-built before stockpil[...]

One aim the government in introducing the various [...] dustry aid schemes was eliminate some of the w[...] effects of the trade cycle. machine tool industry clai[...] have been hit harder than other by the ups and down[...] demand during the four- to [...] year cycles. During the 1[...] employment in the indust[...] which has a high proportio[...] skilled men — fluctu[...] between 58,000 and 65,[...] To-day it is down to u[...] 50,000. And returns on ca[...] employed in the industry [...] declined by as much as 40 [...] cent. during periods of d[...] turn, giving another indica[...] to the debilitating effects.

This problem of the dem[...] cycle has not yet been sol[...] But the current recession proved to be unlike any o[...] in living memory. It has g[...] on much longer than expe[...] and the recovery is m[...] slower than in the past. H[...] ever, the U.K. machine [...] industry does feel that [...] worst of the recession is beh[...] it and that it might h[...] escaped from the depths of trough without the need to s[...] too many people or bring for [...] "make more signific[...]" changes to its structure.

Kenneth Goodi[...]

Comecon is missing its opportunities

ECON countries com- of the world's major regions, and produce is number of machine eat variety. But few I know it. How many ean factories operate ean equipment? How hasers even consider Comecon for their e answer is mighty

e several reasons for s that Comecon needs every machine tool it ts own use, so exports mall. Another is that e has a poor reputa- industrial goods, so as there is for export chance in our highly markets. in 5 per cent., for f Russia's exports to consists of industrial

And judging by the dumping complaints ritain, a fair part of accounted for by the ability to offer rock ces. Other Comecon have done better— any and Czechoslo- instance—but their till well below their create and produce ols. two countries, of erited strong engin- litions from pre-war stand them in good nly in terms of skills of contacts abroad. one can speak in ms about Comecon's ol industry, lumping advanced together ckward, since this is here there is strong al collaboration to ry similar goals. ew Five Year Plans ast year lay emphasis on machine tools. Growth rates are planned to be among the highest in industry, in many cases over 10 per cent. a year, and this is clearly part of a long term trend.

Although there is nothing essentially new in Russia, for example, giving priority to heavy industry, the reasons for this rapid growth have their roots deep in Comecon's contemporary problems.

Shortages

Mounting costs and shortages of raw materials, energy and particularly labour have greatly increased the need for efficient production. Although part of the solution lies in improved economic management, the major part lies in the introduction of modern, highly efficient equipment. More than half Comecon's industrial investment in the Five Year Plan will go into modernising machinery compared to some 40 per cent in the last Plan period.

Comecon's problems, however, are not so much the will as the means. A combination of poor research and development, low incentives for quality and labour intensive traditions have prevented the growth of machine tool technology comparable to Western levels. Even Czechoslovakia now openly admits that its technology has lagged behind, and that poor quality and waste are problems.

The answer has in many cases been to turn to the West. The overwhelming majority of Western export deals to Comecon over the last five years or so have been for engineering equipment, licences and know-how. And although this has been a bitter pill for Comecon to swallow since it highlights the region's inadequacies, it has plainly contributed to the rapid growth rates we are now witnessing.

The bulk of these imports have, not surprisingly, been connected with the heavy industrial field. Machine tools for the production of transport equipment, power engineering, equipment for the chemical and electrical industries—all these have featured high on the list.

The major supplier has undoubtedly been West Germany whose exports to East Europe are nearly equal to those of the whole of the rest of Europe. France, Italy and Japan are second rank suppliers, with Britain, the U.S and the smaller industrial countries trailing the field.

The reasons for Britain's poor performance are partly connected with its broader industrial problems which have affected its worldwide exports. But specifically, British suppliers have also been less willing to go in for barter and other types of co-operation deals which Comecon, faced with hard currency deficits, favours.

Due to the importance and costliness of developing a modern machine tool industry, Comecon is trying to share out the tasks and burdens under its comprehensive development plan. What this boils down to is that the Russians make everything, and the other countries specialise in fields on the basis of tradition, available skills and local raw materials.

Not much is published about the Soviet machine tool industry because of its military connections, but general lines of development can be gauged from the relevant section of the Five-year Plan 1976-80.

Directives include the need to produce machinery which makes better use of manpower and raw material resources, and to speed up the supply of machine tools to the rest of industry. Output of machine tools must grow at 8-10 per cent. a year.

Apart from calling for increases in output of routine equipment like metal-cutting machines and forge and press machines, the Plan lays heavy emphasis on development of automatic machinery, a field in which the Soviet Union is notoriously weak (less than 10 per cent. of Soviet machinery is automatically controlled).

Equipment

More equipment for automatic assembly lines is also called for, as well as machinery for both mass and small batch production. The broad range of all these directives gives a good idea of how far Soviet planners still think their machine tool industry has to go. The Plan does not, however, say what sector, the machine tool industry must serve as a priority.

In East Germany, by contrast, the Plan's emphasis is almost exclusively on high performance, numerically controlled tools—an indication that the industry there is more advanced.

East German machine tools are probably the best in Comecon, and have begun to make some headway in West European markets. Although the technology has much of its roots in the capitalist world, the quality of production and the innovations carried out by East German engineers have given these tools a reputation of their own. Were it not that East German machinery is highly prized in Comecon itself (the Russians for instance offer oil in exchange for it) the volume of East German machine tool exports to the West would be considerably higher.

The picture is a somewhat sadder one in Czechoslovakia, which was among the world's top engineering countries before the war. Due to a variety of well-known political and economic problems, the industry there has been stagnating for some time. Little new technology is being introduced, and there have been widespread public accusations of corruption and waste.

The new Plan calls for the faster introduction of new ideas, mainly by importing technology, and lists machine tools among the 15 "key development programmes" designed to push industry forward. As in East Germany, the emphasis is on advanced automatic tools.

Although Poland also puts machine tools high on its list of priorities, the sector here is relatively less important due to Poland's strong specialisation in the heavy end of industry: ships, cars, mining equipment, earth-moving equipment and so on. Even so, Poland's industrial rebirth since 1970 has produced an active trade in machine tools.

Hungary, a smaller country, has gone in for a high level of industrial specialisation and is in the process of paring down its machine tool industry to concentrate on the most advanced automatic types. It sees machine tools as a major growth area and hopes to become an important exporter in the coming years.

The same goes for Bulgaria, which has imported western licences to build specific types of lathes and metal cutting equipment, mainly of the lighter type, to serve its transport, mechanical handling and electronics industries.

By contrast, Romania's industrial strategy is to advance on a broad front and aim at a high degree of self-sufficiency. The current plan allows for significant expansion of production capacity for both heavy and light machine tools, and much of the technology will come from the West.

What all this adds up to is that if Plan targets are met, industry should have undergone a marked improvement by the early 1980s. The impetus, as we have seen, is largely local inadequacy and the need to raise industry's performance.

But an additional consideration is undoubtedly to create export industries with which to assault one of the world's more lucrative markets. There must, therefore, be a threat to Western producers, however, small, in Comecon's plans, especially since the Eastern countries have shown themselves capable of highly competitive pricing. Whether the Western industry will in the meantime have advanced that much further so that the East-West gap remains the same is something that time will tell. But either way, East Europe's ambitions in this field should not be ignored.

David Lascelles
East Europe Correspondent

OUTPUT OF MACHINE TOOLS IN COMECON IN 1975
(units)

	Metal cutting	Automatic*	Grinding	Milling	Forging and pressing
Bulgaria	16,276	278	182	997	901
Czechoslovakia	29,660	1,226	11,917	2,440	6,763
East Germany	19,722	577	4,553	2,970	5,308
Hungary	12,537	37	2,223	475	878
Poland	31,343	1,205	5,695	2,880	9,514
Romania	28,267	253	977	2,749	2,562
Soviet Union	231,314	5,692	14,040	22,807	30,499

* Including semi-automatic tools.
Source: Comecon Statistical Yearbook, 1976.

Traditional French problems remain

ICH machine tool in- in the throes of ion. There is noth- new about this: ry has been in the reconstruction—or is better to say is o have been in the econstruction—for as st people can remem-

ese reconstructions y got much beyond f official oratory and and the traditional of the industry—its , limited range and atisfy more than half narket—remain to be

mpts to solve them spasmodic. Partly ause the fragmenta- e industry inevitably at any attempt to ger units has to be matic to be even Partly, also, the ergy devoted to the internationally com- high technology France in fields like telecommunications, circuits and aero- space in the name of national independence has perhaps afforded little opportunity for the more prosaic problems of machine tools to catch political attention. Finally, the recession has been imposing its own uncompromising form of rationalisation in the shape of companies driven out of business while, at the political level, the threat to jobs in machine tools (employing some 27,000 in 1974) could not compare with the dangers represented by the large-scale redundancies looming in sectors like textiles and steel.

The onset of the depression makes a useful starting point for the present discussion since it was in 1974 that the latest spasm of restructuring planning got under way.

In 1974, as French commentators repeated frequently, the machine tool industry seemed to be engaged in a collective national betrayal. Its turnover (1973) of Frs.2.3bn. was less than a quarter of the German industry. It supplied only half the home market and half of the rest was supplied by the Germans. The 200-plus French companies employed 27,000 people and some three-quarters of them had payrolls of fewer than 100. Indeed, some 60—companies had fewer than 20 workers. Only four of those 200 concerns boasted a workforce into four figures. Profits represented a meagre 0.5 per cent. of turnover, on average.

France and Russia, alone of the big industrial powers, ran a trade deficit in machine tools.

The reasons for this were generally agreed: the German machine tools taken over by way of reparations after the war, and the American equipment brought in under the Marshall Plan, had laid the foundations for the habit of buying foreign equipment displayed by many French companies which the Ministry of Industry lamented, were frequently ignorant as to what French machine tool makers had to offer.

Failure

In addition, the failure to develop technologically and the traditional problems of financing associated with small family-sized businesses were cited as reasons for the failure of the French industry to emerge from the undergrowth.

Already in 1973 some tentative restructuring was under way with the rapprochement of Ratier Forest, the No. 2 of the industry with Ateliers GSP and the acquisition by the Renault machine tool company of Constructions de Clichy to take over the second spot behind the Empain-Schneider company Ernault-Somua.

The official machine tool plan —the latest of a long line of formal and informal plans—had to wait until the beginning of 1976 when the Industry Minister, M. Michel d'Ornano, revealed the Government's analysis of the situation to a somewhat sceptical world.

In essentials the plan called for more State support for research, financial guarantees for companies buying French machine tools to facilitate their financing of the purchase through the banks, and the establishment with the support of the Industrial Development Institute of a company to underwrite overseas investment by French machine tool makers.

The objectives laid down were for exports to reach 110-130 per cent. of imports by 1980 instead of the 83 per cent. they represented in 1974: for imports to be clipped from 50 to some 35 per cent. of the home market: for the numbers of numerically-controlled machines installed in France to rise from 2,300 to some 6,000, and for production to more than double.

These figures attempted to put into hard objectives the general exhortations to reconquer the domestic market: overcome the trade deficit; and create more resourceful—financially and technologically—companies.

In the autumn of 1975 the substantial reflation decided upon by the then Prime Minister M. Jacques Chirac geared quite heavily to investment incentives inspired a transistory improvement in order books in machine tools as in other sectors (notably commercial vehicles) before the lengthening recession refused to be bought off and resumed its toll of bankruptcies. The main work was the undramatic activity of the Industrial Development Institute in putting resources into smaller companies with a promising commercial future to help their development, but machine tools was, inevitably only one of the sectors in which IDI, which is best thought of as a merchant bank for smaller companies, was involved.

In the spring of this year the first real fruits of the d'Ornano plan and its predecessors began to emerge tentatively from the blossom of official pronouncements. These schemes are still being discussed but at least have a relatively hard outline.

The first scheme is for the machine tool subsidiary of the State-owned motor giant Renault, generating some Frs.230m. turnover, to link with Ratier-Forest/GSP. The latter is a little more than half its size but is proportionately stronger in export markets.

The interest here is the role assigned to Renault, once again, of industrial locomotive. For its part Renault has been fretting for some time at the small-scale of French component suppliers to its basic motor business and machine tools is one of the areas where it sees itself as having a "vocation."

The second move would bring together two more companies. These would be Promecam Sisson Lehmann, which earns around half of its Frs.140m. turnover a year from exports and which is strong in moulding, bending machines and hydraulic sheering devices and Berthiez, France's only national producer of lathes and milling machines. Promecam has commercial subsidiaries in the U.S., Canada and Germany and manufactures in Canada and Brazil while Berthiez could boast an order book of some Frs.210m. at the end of last year of which some 90 per cent. was from overseas. It has achieved considerable success in selling to Eastern Europe.

Berthiez is a subsidiary of the state-owned aircraft engine manufacturer SNECMA which is understood to be happy to dispose of its machine tool interests. This marriage is rated the likeliest for early consummation by Industry Ministry watchers, and it is thought that IDI could play perhaps a temporary role in getting a merger or association off the ground.

Finally, the concept of an export joint subsidiary is taking firmer shape with some eight smaller companies discussing establishing a company through which they would direct their overseas investment. Here again IDI is tipped as fairy godmother with a stake of 30 to 40 per cent.

Timetable

The timetable for decision-taking on these projects is imposed by politics. With a general election due in March next year, the Government is doing its best to clear the industrial decks and its rate of treatment, albeit incomplete and sometimes ambiguous, of weighty dossiers like steel and aerospace is impressive. Whether it will be able to claim concrete results for machine tools will probably depend on the ability of the industry itself to agree on what it wants.

Meanwhile, the industry claims that there are some faint glimmers of hope amid the encircling gloom of the world economy, and the Barre Plan. Promecam reported a few days ago that its order books were 50 per cent. better than at the same time last year, while Ernault Somua says that the decline in orders was halted around the start of the year. Slide lathes are the only sector to fail to register any significant improvement, the industry reports.

The industry leader reports that from a low of Frs.186m. at the turn of the year its order book had recovered to some Frs.198m. at the end of June but the company is still afraid that the recovery is technical rather than material representing merely a catch-up in orders that had been deferred as long as possible.

On the financial front the situation is still strained, with indebtedness equivalent to turnover at some Frs.3bn. industry-wide while there are rising fears about the competition from Eastern European made machine tools in France.

In other words, despite some relatively ambitious reorganisation plans at the top of the industry and a certain shuffling of the pack at the bottom the essential structural deficiencies of the industry remain. The machine tool plan of d'Ornano is certainly merely one more restatement of a familiar problem.

David Curry

Swiss begin to recover . . .

SWITZERLAND'S machine-tool industry is now showing signs of settling down again after having been exposed to considerable pressure over the past three years. Order books are fuller, overseas demand is picking up fast and some manufacturers at least are looking for new workers rather than laying labour off. Though there is nothing even approaching a new boom around the corner, the industry is starting to look up again.

The manufacture of metal-working machine tools is very much a speciality of the Swiss. A long list of pioneering achievements begining with the building of the first horizontal drilling machine for cannons in 1713 has over the years advanced the little country into the world's Top Ten. Recent figures show that Switzerland was responsible for some 4 per cent. of total international production of machine tools in 1976 and 7.3 per cent. of world exports; in comparison, the U.K. was the source of only about 5.5 per cent. of total export value in the same year. This means that machine tools worth about Sw.Frs.250 per head of population were manufactured by Swiss firms, by far the highest per-capita rate in the world. The relative importance of Switzerland is greater still in the field of machine-tool exports, which to-day account for about 80 per cent. of production.

In absolute terms, exports last year amounted to Sw.Frs.1.14bn., or some £270m. at current exchange rates, of which 41.5 per cent. went to Western European countries, 32 per cent. to Eastern Europe and 14 per cent. to Asia. For the first half of 1977, sales abroad totalled Sw.Frs.525.2m., with a shift away from European markets and towards Asia and America.

The Association of Swiss Machine Builders, which represents 78 of the leading machine-tool manufacturers in the country—there are some 185 producers in all, most of them small to medium-sized undertakings—points to the marked drop in standing orders over the past few years. Orders in hand were equal to 9.2 months' production in 1973, 8.2 months' output at the end of 1974, 6.3 months a year later and only 5.8 months as of December 31 last. An indication of what this meant to the industry is given by employment figures. The labour force fell by nearly 12 per cent. over the two years ended last September, shrinking from 20,000 to less than 18,000.

The reason for the lean times lies quite simply in a drop in demand for the product, a factor which in Switzerland's case has been aggravated by the 64 per cent. appreciation in the trade-weighted currency rate since the end of 1971. While the car industry, a major customer for Swiss machine tools, had a better year in 1976, investments in most areas of the capital goods sector were still restrained and the important domestic market in the watch industry was in bad shape.

In 1977 things are looking rather better. The new order level is substantially up on last year's levels for machine-building as a whole, a fact reflected in the improvement of machine-tool orders in hand to a volume of 7.1 months' output as of mid-year. The rise in orders will, of course, not show up in production and export statistics just yet, although delivery dates have become shorter; in the first half of 1977, export tonnage was up 2 per cent. over the January-June period of last year but its value was slightly down by 1 per cent. A number of factories are now seeking new hands, however, and finding it rather hard to locate them now that total national unemployment has dropped to below 8,750.

At present it does not seem likely that there will be a signal improvement in the situation in the second half of the year. The home market will remain under the influence of sluggish industrial investment and there are indications that such new equipment as is purchased is being bought increasingly from cheaper foreign sources. Export markets in Europe are also not very promising; in the first half of 1977 sales to them of Swiss machine tools were down 8 per cent. on the same period of last year.

Furthermore, it is doubtful whether profits can show much real growth. With the exception of a few top models, it has been hard to raise prices in recent months and any increase in the volume of export orders is by no means synonymous with an increase in the level of export earnings. Like many other Swiss firms, some machine tool exporters have found that new business can be obtained at only pretty narrow profit margins. And in the past couple of months the Swiss-franc exchange rate has started to rise again after remaining stable or actually falling earlier on in the year.

In its considerations as how best to face the future, the Swiss machine tool industry is not intending any departure from its basic policy of concentrating on high-performance, high-precision and special products. (Just what the price category of Swiss machine tools works out at is shown by the fact that average price per tonne exported is almost SwFrs36,000, as compared with a rate per tonne of machine tools imported into Switzerland of below SwFrs.17,500.) Most Swiss manufacturers specialise in metal-cutting machinery of small and medium sizes, typical models including jig-borers, gear-making machines, electro-erosion equipment, "Swiss-type" automatics, watch-making machinery and precision copy turning and milling machines. Very heavy units are almost completely missing from sales programmes with the exception of large gear-cutting machines, heavy jig borers and some presses, and only a small number of machines for metal forming rather than cutting are made.

While the programmers themselves will experience no major changes, the Swiss are hard at work developing new markets. This has proved necessary in the light of the wide-spread recession in industrialised countries and the simultaneous industrialisation in both the Communist world and developing countries. To succeed, manufacturers are having to invest money and, as already mentioned, in many cases accept smaller profits in the nurturing of new outlets.

In the past few years, the Swiss have done particularly well on this front in the Soviet Union. Exports of machine tools to this market rose from Sw.Frs.135m. in 1974 to Sw.Frs.167.9m. in 1975 and to Sw.Frs.199m. last year, making the USSR by far the biggest single national market abroad. The build-up of the Soviet market to a share of 18 per cent. in total Swiss machine tool exports was helped not inconsiderabl the holding of a special Machine Tool Exhibitio Moscow in 1973; a second is now planned for the a of next year.

China is also seen as a opportunity. In the fir months of this year deliveries of machine to the Chinese market were Sw.Frs.24m., a still mode but more than double booked for January to 1976. Here, too, an exhi helped, machine tools h been the leading produc the Sitex Swiss industrial ducts exhibition staged in The industry would now to hold a special machine show in Shanghai in 19 1980.

Another important pre tion in a developing marke the large-scale exhibit a Swiss Expo event held in late in 1976, at which a hall was devoted to ma tools—the biggest com exhibitor group. In fac chances for manufactur the Middle East are rela limited by the fact that Swiss products tend to b sophisticated for local re ments.

Chance

Manufacturers are pres force at the European Ma Tool Exhibition (EMO) opens in Hanover to-day. Switzerland as one of the national contingents, and chance to display their pr will be offered by the Fi Machine Tool and Tool S tion in Basle next May.

In a sub-division of th dustry, 19 producers of making machinery got to in 1975 to co-operate wi Swiss watch industry in the setting up of watch fac and the expansion of ex capacities overseas, partic in India and China. "Horma" group also h joint show at the India Watch Exhibition in M last October.

These joint efforts are ing invaluable for a sect the economy in which the age workforce per firm is about 100 and where ver companies employ more 1,000 people. Another ex of common effort is the ence at the Federal Polit in Zurich of a research in for machine-tool design production technology, annual budget of Sw.Frs is supported by 35 m firms of the Associatio Swiss Machine Builders. search work here concerns suring techniques, vibr new machining processes, and controls (including systems) and computer tool design.

The machine tools within the Association ha concerned itself with the ing financing requiremen tailed in major export o Backed by a Swiss bank, in two cases arranged a work credit for machin deliveries to the Third W

John W
Zurich Correspo

. . . while Italy wins more exports

DESPITE THE recession and dwindling industrial production, the Italian machine tool industry appears to be fairing well. In effect, Italy is now number fifty in the world league of machine tool producers. It is ahead of Britain and France, both countries with considerably older industrial and mechanical traditions. The sector's annual trade account has consistently been in surplus, and already, after an arrest in domestic and overseas demand, production is steadily recovering.

It is perhaps, more than anything else, the structure of the Italian machine tool industry, which has mushroomed during the rapid industrial transformation of the country in the last 30 years, which accounts for its strength. Its main characteristic is its fragmentation.

Un'ike the machine tool industries in the older industrialised countries, it is not concentrated in a limited number of arge groups. It is composed of a great many small and medium sized companies which often operate on a highly individual and economic scale. Many of them are family businesses. They have a marked level of technology, and their high degree of specialisation often in the production of only one or two components has created an extensive network of complementary activities on the fringe of the country's larger engineering groups.

A comprehensive and revealing report published some years ago by the Italian Machine Tool Manufacturers Association, (UCIMU) shows that there are some 1,200 units in Italy engaged in this sector. The total workforce of these units is just over 46,000 people, most of whom work for small concerns employing no more than 20 people and often far less. Of these 1,200 units, about 800 are no more than specialised workshops. The remaining 400 or so units, chiefly concentrated in the industrial north of the country, form the backbone of the industry. Yet even these bigger groups have a workforce averaging only about 80 people against the average of 270 in Britain, 255 in the U.S. and 188 in France.

However, there is also a number of major Italian companies involved in this field. The state Finsider steel group controls Innse which manufacture machine tools as well as iron and steel processing machinery and employs over 3,000 people.

Other leading Italian companies operating in the sector include Olivetti, Snia Viscosa and Montedison. But by far the biggest single machine tool group in Italy is controlled by the Turin-based Fiat company. Its subsidiary, Comau Industriale, employs 5,400 people. It groups together 11 plants mainly in the Turin area. Last year it spent L28bn. in new investments and had a turnover of L150bn.

Fiat decided to increase its activities in the machine tool sector following the construction of the giant Togliattigrad car plant in the Soviet Union which helped open the East European markets to Italy's engineering industry. Comau includes a number of companies like Macchine Speciali Torino, Morando, Colubra Lamsat and Industrie Meccaniche Piemontesi producing a wide range of machine tools, welding equipment, die forms, bodywork installations and other products for both Fiat's own use and for other Italian and foreign car manufacturers like Mercedes Benz, Simca, Peugeot, Volvo and Renault. According to Fiat, more than 60 per cent. of Comau's production is exported.

Unrest

Like other industrial sectors in the country, the machine tool industry has suffered from a combination of factors including the limited availability and high cost of money, the high cost of labour and labour unrest. During the second half of 1975, in effect, about 16 per cent. of the sector had to turn to the Government's special salary subsidy scheme whereby the government pays a percentage of wages to avoid layoffs.

However, Italy's short-term economic outlook has now improved. The authorities have reduced the cost of money following reductions in the discount rate and subsequent cuts in the prime rate now standing at 17 per cent. Nevertheless, there are still tight restrictions on credit expansion.

The authorities have also reduced some of the financial burdens borne by the industry by transferring part of the heavy social welfare costs from employers directly to the Treasury. Social welfare payments have been, and to a certain degree still are, one of the main causes for pushing up labour costs to about 40 per cent. of the selling price, while the cost of raw and semi-finished materials, which have also increased, amount to only about 10 per cent.

Yet even during the worst part of the recession, the industry managed to keep its head above water, although many operators repeatedly pointed out that machine tool companies, despite their more solid financial base compared with many other concerns in the mechanical production sectors, could not withstand a high interest rate policy indefinitely.

To overcome the high cost of money and the growing burden of indebtedness, a machine tool financing scheme has been conceived by the Italian producers. It is centred around the medium-term credit agency, Istituto Mobiliare Italiano (IMI) which offers low interest and long-term facilities to capital equipment buyers for the purchase of a particular machine or plant.

Negative

While 1976 was a negative year for the world machine tool industry with world production in real value falling by 10 per cent., the Italian industry benefited from a recovery in replacement demand during the first and latter part of the year. Orders were up by 35 per cent. compared with the previous year. On the other hand, because of the lag between orders and deliveries, production still showed a negative trend, declining by 7 per cent. in real terms as against 1975. But unlike the previous year, a more regular distribution of orders throughout 1976 enabled Italian companies to avoid having to turn to the Government salary subsidy scheme.

For the third consecutive year, the president of the Italian Machine Tool Manufacturers Association, Sig Angelo Girola, said at the group's annual meeting, the Italian industry continued to increase its world market share. In export terms, in effect, Italy is now the third biggest exporter of machine tools. And the industry's turnover rose from L550bn. in 1975 to L625bn. last year, representing a production in weight of 137,500 tons.

Sig Girola pointed out that the persistent stagnation of investments on the home market meant that once more foreign producers suffered with imports dropping from 138.2bn. in 1975 to L129.8bn. last year. As for their market share, it dropped for the first time below 30 per cent. At the same time, the continuing stagnation of investments in other industrialised countries led to a slight decline in Italian exports in real terms, although they increased in value from L281.6bn. in 1975 to L304bn. or 65,850 tons in weight last year. The trade balance, however, showed a surplus of L175bn. while the exports/imports ratio was 2.34:1 against 2.05:1 in 1975.

Sig. Girola said the difference between the average value of imports and exports, a major indicator of the technological level of the machine tool industry, also increased in Italy's favour. In 1976 the average value of exports was L4,620 a kilo, while the value of imports was slightly over L3,420 a kilo. This represented a change in the ratio between the two values from 1.18:1 in 1975 to 1.35:1 last year. "The constant improvement in this figure, which started more than ten years ago, confirms that technological evolution has become a peculiar structural element of our industry," Sig. Girola said. And a machine tool research institute, COME, which is part of the Italian research institute, CNR, has now been set up to give smaller companies technological assistance.

According to the industry, in the short and medium term it must continue to develop its exports and create a wider and more varied range of market outlets. Already last year, Italian machine tool exports showed a slight shift towards Eastern Europe and a more marked penetration in Latin America and the Middle East. While France remained the biggest importer of Italian machine tools, it was closely followed by the Soviet Union. There was also a sizeable growth in sales to Venezuela, Italy's fifth largest overseas market, and to Iran. There was, furthermore, a remarkable expansion of Italian exports to Turkey, Sweden and Argentina.

To assist the continuing growth of exports, the industry has now decided to set up an agency to promote professional and technical training in Italian machine tools in the developing countries and other overseas markets which could have an interesting potential for Italy's machine tool manufacturers.

Paul Betts

Brighter prospects for Britain

: British machine tool ...oost its exports to 60 ... of total production ... This is the industry's ... target and comes at a ... in competition, even ... ons which not many ... hardly made a nut ... is becoming keener. ... within the Machine ... es Association, mixes ... ith faith: Officials see ... sible, providing infla... ecked and the pound ... And these things, of ... spend on many mat... which machine tool ... little control.

... re is a new spirit in ... stry. At one time ... machine tool men ... be almost apologis... emselves. But it has ... vious in recent years ... their grey, stick-in-the... ce was not the true ...

... industry is made up ... 180 independent com... ated in over Britain, ... bigger concentrations ... Yorkshire, Birming... ntry and Leicester. It ... about 50,000 people ... engineers, scientists, ... sts, graduates and ... ttsmen). Individual ... s vary from 6,000 to ... st company to fewer ... the smallest.

... es total about £361m. ... h 40 per cent. of sales ... o the mechanical ... ng sector. During the ... ears, with only three ... exports have ... imports and between ... 1976 the industry has ... 259m. contribution to ... ce of trade.

...rts

...do the exports go? Of ... of £176.1m. (£86.2m. ... countries), the U.S. ... top share of £19.1m. ... many and France take ... d third places respec... th just over £10m. ... th Korea, Poland and ... next (just over £8m.) ... a buys £7.3m. But ... are high, too, at ... in 1976, with West ... £43.1m.) and the U.S. ... at the top of the ...

... have been setbacks. ... pes were pinned on ... s from Britain's car ... The MTTA's annual report referred to prospects of business from British Leyland, which had still not been realised. Then in two weeks, two major Leyland orders went to overseas companies—a £7m. contract for special welding machines to West Germany's KUKA and another for a £4.6m. production line for the Mini's rear suspension to Heller, another West German company.

At the time, Mr. Bill Vaughan, president of the Machine Tool Trades Association, said: "This is very worrying, because there are U.K. companies with the capacity to produce this component."

Output

Exports are now accounting for about 60 per cent. of output. But new orders from overseas remained static throughout last winter and spring and were worth about £43m. in the February-to-April period.

Among the bright spots are Poland where Britain is rebuilding the country's tractor industry. This Massey-Ferguson and Perkins project is expected to generate £100m.-worth of orders for machine tools, and many of them will go to U.K. companies. Recent business in this area has been a contract signed by Kearney and Trecker-Marwin for the supply of transfer machines to produce cylinder heads for Perkins in Poland.

Other business booked in East Europe includes a contract worth more than £1m. signed by Lucas Control Systems, Coventry, for machine tool feed drive systems in the Soviet Union, and Adcock-Shipley Textron's £378,000 deal to supply Bridgeport copy milling machines to Russia.

In the Arab world, Staveley Machine Tools has landed a £5m. contract for a major workshop in the Dubai dry duck complex, which is to be built by Costain and Taylor Woodrow. Staveley's tools and equipment will provide maintenance facilities for vessels, engines and turbines.

The individual successes are good for the industry's image. But the overall picture presents a situation far behind those dreams of the industry's working party. In the three months from February to April this year export sales fell to £38m. from £41.3m. during the same period of the previous year. But the industry's leaders are convinced that the MTTA's new policy of devoting more resources to marketing will set things right.

Up to date £8.25m. has been handed out to companies under the Government's Machine Tool Aid scheme and approval of all applications being considered will involve aid totalling nearly £32m. It has been a scheme which has been treated with the industry's traditional caution—only when machine tool men were convinced it did not involve "back door nationalisation" did the applications roll in.

Britain's machine tool industry can show a slow and steady improvement in the domestic market. MTTA officials point to companies such as Interwood of Hornchurch, Essex, which has spent £500,000 in modernisation over the past three years, a huge amount of money for a group which employs fewer than 120 people. Interwood has also already spent £70,000 on new plant and equipment and plans another £30,000 of expenditure this year.

The last two years have spotlighted the U.K. machine tool industry's lead in coin-stamping machinery. Machine tool men say: "We may not have much money in this country, but we make everybody else's money." Cincinatti presses built at the Cincinatti-Milacron plant, Birmingham, stamped the Army's Jubilee medals at the Cardiff Royal Mint while Taylor and Challen coining presses minted Jubilee crowns and many of the Bicentennial dollars at the U.S. Mint in Philadelphia.

Belief

MTTA president Mr. Bill Vaughan has a great belief in the "entrepreneurial spirit" of the industry. You find it echoed among machine tool men around the country. The industry is working at 80 per cent. of capacity, and while this is not an ideal situation, the optimists argue that in a climate of world recession this is not too bad.

They are clearly hoping for significant gains from the Hanover exhibition, a move towards that 60 per cent. exports target. The U.K. industry still has a long way to go, but with the new emphasis on marketing, prospects seem brighter than before.

Alan Forrest

German dilemmas

IF ONE sector could be chosen to symbolise the strengths—and at the same time, some of the dilemmas—of West German industry in the last quarter of the 20th century, machine tools would stand out as the obvious candidate. The West German machinery and engineering industry as a whole, and within it the machine tool industry, has a reputation second to none in the world, and has long enjoyed the commanding place in the international market place that this implies.

At the same time, it has endured the recent industrial recession at some cost, and as it contemplates the future it has to reckon with changes in the economic outlook, in cost and price relationships, in patterns of trade and—not least—in technology whose full effect no-one is yet in a position to assess.

For the moment, the prospects for the world economy and for that of West Germany itself weigh most heavily. The machine tool industry has regularly exported in recent years about 70 per cent. of its output. In 1976, it sold abroad DM5.01bn. worth out of production of some DM6.84bn. It goes without saying that continued signs of weakness in the economies of some of West Germany's best customer countries, such as Italy and the U.K., and fresh signs from the U.S. that economic growth may be levelling off, have only added to the leaders have been viewing their export prospects throughout 1977 so far.

These expectations have hardly been strengthened by the most recent data on the West German economy, which during the past two years has given many sectors of the machine tool industry (most notably those dependent on the business of the booming motor manufacturers) their bread and butter. At the end of an economic upswing that began in August, 1975, the business cycle has flattened out almost exactly at the moment when past experience suggested it would. Gross national product during the second quarter rose only 0.5 per cent. after 4 per cent. in the first quarter and 6 per cent. in the final quarter of 1976.

The Bonn Government's original hopes of a 4-4.5 per cent. growth rate will not be met this year, and there is considerable doubt whether the 4.5 per cent. for 1978 which has been regarded as a desirable aim can be met either. While these figures mean little for the widely differing business conditions of the many branches of the machine tool industry, they do have an important bearing on the overall state of confidence. They are not likely to help resolve the vicious circle that has so bewildered West German ministers, economists and businessmen alike during the past two years whereby investment in new plant and machinery has been held back by low rates of capacity use and by pessimistic views of the future—with the result of continuing to dampen sales and expectations in the capital goods industries themselves.

Demand

It was to break this deadlock that the West German Government last week (on September 14) approved a modest reflationary package intended to boost consumer demand by personal tax cuts and to encourage new industrial investment through more generous and more accelerated depreciation procedures on every kind of plant, machinery and other capital investment. The package has had only a muted welcome from business, yet at the margin it may encourage those companies who have been waiting for the opportunity to replace machine tools to do so now. Money is cheap and plentiful, with little expectation that interest rates will fall further. So will those customers who have been putting off replacing equipment do so now? The industry can only hope the answer will be found in an improvement in the sluggish trend of new orders from domestic customers.

Yet the overwhelming feature of the machine tool industry is its heavy dependence on foreign markets. West Germany accounts for no less than 20 per cent. of the world's machine tool production, and 45 per cent. of the output of the 13 most important West European countries in the field. It accounts for over 30 per cent. of the volume of world exports, compared with 10 per cent. for the U.S.

The pattern of this trade has, however, been altering steadily. West German machine tool manufacturers, in common with many other branches of industry, were obliged during the worst of the 1974-75 recession to go out and look for new sources of business, and they found them in the oil-producing states and in Eastern Europe, both of which groups of countries have increased their relative importance among customers for West German machine tools while that of the traditional customer nations has declined correspondingly.

Although it is rash to attempt to generalise when speaking of an industry producing so many different — sometimes even unique—machines for so many diverse customers, the expectation appears to be that this pattern will be continued. Yet it is not altogether a satisfactory one. Demand from most of the OPEC countries is likely to remain unevenly distributed, as has been the case in the past, with some of the statistics inseparable from those of the machinery and engineering industries as a whole, the strong presumption is that the main beneficiaries from OPEC business will continue to be producers of building and construction-related machinery, and those in the refrigeration, air-conditioning, textiles and some other consumer goods industries. Even such well-advertised co-operation agreements as Iran's with the Krupp group (in which it has a substantial shareholding) do not yet appear to have led to significant orders to the German companies concerned.

A much broader and more sophisticated demand is that from Eastern Europe, where more highly developed capital goods industries have long existed. These countries account for 30 per cent. of total machine tool exports—a substantial volume of business by any reckoning. Furthermore, they are an area where Germany, partly by reason of its history as an exporter of technology and machinery to a less developed East European hinterland, is far ahead of any other Western supplier.

Yet this business has been won at a cost. There has been the broad question of the Communist countries' level of indebtedness and shortage of hard currency. This in turn has led many East European buyers to insist on barter or part-barter deals which have frequently forced West German machine tool manufacturers to accept *in part payment* East European equipment which they are then obliged to resell in West Germany.

Such deals have been acceptable to machine tool companies in West Germany as a way of keeping skilled men and plant occupied, though at a further cost in cash returns to an industry whose overall level of return on capital was estimated in 1975 at not much better than 2 per cent. The other side of the coin, of course, has been to depress prices and sales for those machine tools from Eastern Europe which do find buyer interest in the West. Indeed, machine tool imports of all kinds have been increasing substantially in recent years, rising from DM618m. in 1974 to DM74m. in 1976, or over 10 per cent. of the domestic industry's output.

There is little sign so far of the effect this trend is having on the West German machine tool industry, although about 180-200 machinery and machine tool companies have been going out of business each year for the past three years, according to the West German Union of Machinery Builders. Another measure of the industries' response to pressure has been a contraction in the labour force from a peak in 1970 of about 125,000 people to an estimated 97,000 this year. Yet the uncomfortable conclusion is that even in West Germany, where both private and industrial buyers often appear to be willing to pay more for "German quality," a price effect brought about by lower wage costs abroad and by the remorseless upward drift of the Deutschemark is making itself felt.

The infinite specialisation and resourcefulness of West German machine tool companies has in the past tended to blunt this effect in overseas markets, so that even in the U.S. or Japan, German companies with machine tools for which there is no substitute continue to find their markets. There has also been some tendency, especially as far as the U.S. is concerned, for larger West German manufacturers to set up their own factories in major markets.

How long can the West German machine tool industry hope to keep its strength in export markets, faced as it is with constant currency movements against it and with labour costs now reckoned to be he second highest in the world after Sweden's, and which account for over 55 per cent. of its costs?

For the time being, the answer would appear to be that specialisation and technical excellence offer the best possible insurance against competition. Price alone, after all, is seldom as important a consideration as quality or reliability or suitability in making up an industrial customer's mind.

Structure

The structure of the West German machine tool sector reflects that same picture of increasing specialisation, sophistication and technical excellence. Out of about 500 companies who manufacture machine tools, among which some 350 are exclusively or predominantly in this sector, nearly half employ 500 people or fewer, while accounting for half the total output. Fewer than 20 companies have over 1,000 employees. The predominant form of ownership, taking in 60 per cent. of the companies, remains one of single proprietorship of partnership—with obvious handicaps in terms of securing the financial resources needed to withstand recession, to support any substantial degree of research or to embark on more ambitious sales activities, but with equally important advantages of flexibility and scope for the exercise of entrepreneurial fluid.

There has been no obvious trend towards greater company rationalisation or merger activity, pointing to the conclusion that, for all the hard times that many of its members have had to endure in recent years, the West German machine tool industry continues to put its faith in its products as its best guarantee for the future.

Adrian Dicks

Promotion effort

...CHINE Tool Trades ...n — Britain's main ... organisation for the ... —has recently taken its ... step into the future. ... in 1910, the Associa... for all those years ... the interests of ... tool men in areas as ... nged as trade promo... tact and negotiation ... ernment departments, ... and manpower needs, ... d environmental mat... keeping the industry's ... istics up to date.

... recent months the de... s been taken to switch ... the Association's re... o marketing and pro... t the cost of some of ... activities. This, to most ... men, would seem good ... an economic climate ... ng competition with ... more nations develop... own machine tool in...

... big step. Machine tool ... ave a reputation in ... les for solid conserva... resistance to change. ... an entirely accurate ... But it is an industry ... of many small com... th many of its leaders ... m the shop floor (a ... 102 companies showed ... the directors have ... o senior management ...) and such men tend ... that skill and crafts... should speak for them... d may be suspicious ... n techniques of mar... d promotion with too ... ls and consequent un... spending.

... ly indications are that ... ciation's new strategy ... dividends. A recent ... f the Association was to invite a 15-strong party of U.S. businessmen to Britain to visit U.K. machine tool factories. Its leader, a top Chicago industrialist, had this to say: "The British machine tool industry has much improved in the last four years." But the general view of the Americans was that the U.K. industry should embark on more aggressive marketing techniques in order to boost its U.S. sales.

What the Americans were saying delighted the supporters of the MTTA's switch of emphasis. And four selling missions, sponsored by the Association, are planned in the next eight months. In November British machine tool men will visit South Korea, next March the U.K. men will entertain a group from Sweden. The Canadians will be over here in May and also in May and the following month a party from South Korea. Machine tool men from Czechoslovakia are expected some time in 1978, but a date has not yet been fixed.

Example

Another example of the MTTA's new strategy was launched last month. For a long time it had felt that Press handouts and regular contact with business journalists are not quite enough to present the industry's image in a changing world. So the MTTA has sponsored a four-page twice-yearly tabloid newspaper, Machine Tool Enterprise, aimed at customers, MPs and potential overseas buyers. "It will be a new and, we hope, important shop window for the trade, giving news and views of machine tool people and expressing our faith that Britain's future lies in the success of its traditional manufacturing industries," a front-page message says.

Mr. Bill Vaughan, the Association's new president, says: "It should assist the trade by telling the public about the manifold technological and commercial achievements of which it can be justly proud, but about which, all too often, quite wrongly, it is unwilling to talk."

The first print of 1,000 copies was immediately taken up and a further 1,000 copies were ordered. A second issue is planned for December.

Another project involving MTTA activity is the machine tool industry's own sector working party. The Association is constantly emphasising its importance to the industry and has little time for the criticisms of Mr. Enoch Powell, who told MPs not long ago that he considers such working parties a waste of money. The machine tool party's leader is Mr. A. M. G. Galliers-Pratt, a former president of the Association and chairman of F. Pratt Engineering Corporation.

Mr. Galliers-Pratt has set out the working party's objective as an export to production ratio of 60 per cent. by 1980. Other aims include the retention of the present home market share now running at 52 per cent. and a 6 per cent. improvement in productivity to 1980.

President Mr. Vaughan has a plan to stop the continuing drain from the industry's pool of craftsmen. His aim—the rebirth of the guild craftsmen image in order to bring young people into the industry. There has been talk of an award financed by the Government and designed offer incentives to highly skilled men to stay in machine tools rather than drift to highly paid jobs in other branches of engineering.

The Association has always been active in the manpower field. It has been responsible for the recruitment of about 350 university graduates into the machine tool trade since 1962. It has sponsored university courses at Birmingham University and at Manchester Institute of Science and Technology and has helped organise special courses in hydraulics and electronics for technicians and sales engineers.

Association officials feel that these vital areas must not be neglected as the emphasis goes towards marketing and sales promotion. As one member put it: "Clearly we are right to put increasing emphasis on trade, but if you have not got the right back-up to trade and the right people working for you, the rest is useless."

Apprentice training, most members feel, must stay high on the list of priorities. There has been a disturbing fall in the number of apprentices entering the industry, and some companies have ceased to recruit them during the present economic climate. This must be tackled urgently, the Association feels.

It has been helped in devoting more time to its new activities by offloading some of its responsibility for such matters as industrial safety and environmental study to the Machine Tools Research Association at Macclesfield in Cheshire. But a changing world brings new problems.

Disputes

Officials see the need for greater concentration in coming years with what they describe as "industrial-legal matters," issues that might arise from membership of the EEC, from new and existing labour relations legislation, from tariff disputes as the industry grows in other nations. For even though resources wou'd not permit the employment of a full team of lawyers or statisticians, for example, these new problems must be tackled.

One Association member put it: "We are an extraordinary conglomeration of exporters and importers." With so many fiercely independent small companies, the Association has maybe more problems than other trade organisations.

Alan Forrest

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Fly's eye view of surface defects

HANOVER'S 2-EMO exhibition has been chosen as the venue for the first-time demonstration of a new surface quality measurement unit by Rank Taylor Hobson, whose Talysurf 5 "total option" concept will be put through its paces there for a world audience of processing specialists.

The name hides eight standard systems and a multiplicity of variants, all aimed at providing rapid determination of surface quality and representation of what the instruments "see" in easy to comprehend forms.

Equipment offered incorporates as standard facilities such as auto-calibration, provision of root mean square values of parameters where such results would be more meaningful, skew parameters for distinguishing between asymmetrical profiles, a graph of the bearing curve, etc.

Many of these briefly mentioned facilities represent years of development work; some of them are unique to the company.

The starting point in the equipment is the traverse unit, available in two versions—a 60 mm. stroke unit for general use and a 120 mm. unit for longer surface checks and straightness checks. This has horizontal magnifications from X2 to X100.

Driver for the systems is a processor which will provide a variety of roughness and waviness parameters for industry or research. Two variants include module 5 which can be provided with various combinations of parameters and module 5M, which is a fixed-programme multi-parameter selection unit with its own printer/recorder.

The first has three versions, according to the applications involved—one for peak heights, one for ISO 10 point heights and one for wavelength analysis.

The 5M is a more comprehensive instrument and can provide, in addition to digital display of values, profile information in alpha-numeric or graphical trace. Vertical magnifications can run from X100 to X100,000.

There are many accessories intended to meet demand from most sectors of industry. There are six accessory cartridge pick-ups and a selection of curved datum elements allow curved surfaces from 3 mm. to infinity to be measured. Many types of mounting are available and, if required, the instruments can be used on large rolls or within bores.

More from the company on Leicester (0533) 23801.

Developed by Zylog in the U.S., largely as a result of pressure from the European market for a low-cost unit for the preparation of suitable programs, the Z80-PDS is now available in Britain and other European countries. For £2,100 in single quantities, the buyer receives the Z-80 board with an internal memory of 3,000 bytes of programmable and 16,000 bytes of random, a floppy disc drive with up to 300,000 bytes of on-line storage and system ability to work to any standard display or hard copy terminal. This is a powerful development tool for the preparation of applications programs which will permit the micro to be used in many areas for which 10 years ago a computer would never have been considered. It is in its own right a much more powerful machine than available as a mid-range computer some 20 years ago. Zylog U.K. on Maidenhead (0628) 36131.

Checking pipewall corrosion

TO BE installed on a chemical reactor at ICI, Runcorn, by the end of this month is a system for checking the wall thickness of 18-inch diameter Nimonic pipes—from the inside.

Developed by the MatEval NDT Company, in collaboration with Computer Instrumentation, it is believed to be the first device of its type in the U.K. Cost of the system is about £50,000.

Main purpose of the equipment is to check all the pipes in the reactor when it is down for maintenance (about once every six months). It will be used to determine when the corrosion of the pipe wall has reached the point where the pipe is unusable.

The ultrasonic probes, of which there are 15, have been designed to cope with uneven wall conditions. Each is mounted on an oleo leg and is preceded by an alignment skid. The pipe is filled with water for the test to provide the contact medium, and the probe array is drawn through the pipe by a stepping motor, connected to a pulley and chain.

The system is controlled by a microcomputer, which initiates a question and answer dialogue with the operator via a teletypewriter at the start of each pipe inspection. A range of data can be requested, which is then printed out as the test proceeded. This record provides the basic information for checking the rate of corrosion, measured by each test.

At the end of each test the operator has a print-out which indicates the position of the deepest corrosion pit, and the location of the worst annular thickness. The operator can program the number of annuli and pits he wishes recorded (say the 20 thinnest bands and 20 pits per pipe). The equipment can also provide a plot of the wall thickness.

It is understood that the Department of Industry is to ask MatEval to develop a version of the equipment for the oil industry. It would be used in the 36 inch diameter crude oil risers in the North Sea. Two versions are to be developed—one for use inside the pipe in the oil, and the other as a bracelet that can be moved up the outside of the pipe by divers. A third version would be completely self-contained, and installed in a pig so that oil pressure would move it along a pipeline.

Details of the ultrasonic equipment from MatEval on 09252 22006 and of the microcomputer from Computer International on 04215 66321.

● COMPUTING

U.K. mini to make its debut

DESCRIBED as all-British, a minicomputer to be shown at the Compec exhibition at London's Wembley Centre in November is offered by Computer Aided Systems (Sales).

Designed and manufactured in the U.K., the central processor unit of the new Compass system has from 4K to 128 bytes of directly addressable memory, and can support many peripherals.

With it goes a visual display unit which incorporates both alpha and separate numeric solid state key pads, and 24 line by 80 character display screen with 7 x 12 dot matrix characters giving full upper and lower case display.

Disc drives provide from 5 megabytes of formatted data upwards. Up to eight drives may be supported.

The printer of the new Compass system is capable of printing 180 characters per second bi-directionally under separate microprocessor control, to a 132 characters per line width, and features a ballistic head for longer life and a 9 x 7 matrix, allowing true lower case printing with descenders.

Software for the "Compass" is called Computer Aided Business Language (CABL), which as the name suggests has been designed specifically with business applications in mind.

Computer Aided Systems (Sales), 600 Green Lanes, Goodmayes, Essex. 01-599 8658.

Networking made easy

ONE OF THE characteristics of the equipment newly introduced to supported extended performance System 34 machines by IBM is greater facilities for the operation of widespread networks.

Two new memory sizes for the central processors go hand in hand with better programmer support, problem-solving software and additional communications.

Remote display station 5251 Model 12 contains its own controller which is powerful enough to run a mix of up to eight 5251 Model 11s/or 5256 printers which can be directly attached from as much as 5,000 feet away. At the same time, several Model 12s can be attached to the 34.

IBM U.K., 101 Wigmore Street, London W1H 0AB. 01-935 6600.

● PROCESSING

Dispenses or sprays epoxies

METERING AND output of dual component materials such as polyurethanes, epoxies, and split batch polyesters are achieved by two easily exchangeable reciprocating pumps on a portable air actuated machine for the pouring, dispensing and airless spraying of plastics.

On the Valiant Compact, sixteen ratios and ten outputs from less than 1 gal./min. to over 5 gal./min. are available as standard, and other ratios can be supplied to order.

The various fluid to air ratios are obtained by changing the size of the air motor—typical examples are 23.3:1 and 35:1 for 5 and 6 inch air motors.

Materials are fed to the pumps via siphon hoses and delivered to the gun through dual delivery hose which may be up to 200 ft. long. A range of optional attachments is available, including heaters, mixers and a shotting unit.

Typical applications are for delivering insulation foam in oil depots or on offshore platforms. Recently the equipment was used to spray polyurethane foam on cardboard scenery to construct a maze of caverns at the ATV Studios, Birmingham, for the "Raven" serial.

Details of the dispensing equipment from the maker, Prodef Engineers, 1,163 Bristol Road South, Birmingham B31 2SL (021-475 4368).

● COMPONENTS

Green-blue displays

VACUUM phosphorescent alphanumeric display tubes made by Itron are now available from ITT Components Europe.

The tubes have cathode, grid and anode, and phosphor coating on the latter being arranged in seven or more independent segments. When activated the coating emits a rich blue-green glow. The display offers single plain characters and a particularly wide viewing angle.

With relatively low operating voltages and power consumptions, the displays can have from two to 40 digits. There are addition special versions giving a digital clock with a.m./p.m. indication, and others intended for calculators, digital instruments, analogue indication, registers, weighing equipment and television channel selection. Static and multiplex drive can be provided. More on 35351.

● MATERIALS

Tennis at any time

HIGH DENSITY polyethylene is the base material for the surface of an all-weather tennis court material offered by a French company.

The material comes in the form of tiles 33 cm. square and 18 mm. thick which are moulded with lugs that dovetail into corresponding sockets on the next tile in the row so that linkage between tile and tile will stand up to the sharpest acceleration by a running player yet remains flexible somewhat like a grass court.

The surface is a honeycomb with knife-blade ribbing which prevents skidding even immediately after rain.

More on the Mateflex surface from Ste. Tennis Jean Bo..., 27 Ave. de Laon, 02202 Soissons, France.

● OFFICE EQUIPMENT

Copier will work fast

NASHUA is introducing to the U.K. a low cost, plain paper copier, the Nashua 1210, at the end of this month.

First copy time is 6 seconds, with subsequent copies every five seconds, which makes the 1210 a faster copier to use in a typical office environment than copier/duplicators with twice the rated speed but requiring long warm-up periods.

The 1210 incorporates the same copy counted mechanism as on the Nashua 1240 (A3 size) copier. Once set, the counter will remain constant for however many originals there are in that particular job. As soon as the copier is switched on, though, the counter returns to "1" to save the possibility of wasted copies by the next user.

Other points are an adjustable paper cassette to take a variety of paper sizes from A5 to A4, raised edge platen for easy copying, an electronic brain automatically adjusts the process to cater for light originals, and an automatic switch off to save electricity.

The Nashua 1210 can print on both sides of the copy which includes letterheads and stationery.

Nashua Copycat, Corys..., Bracknell, Berkshire, RG12 ..., 0344 54391.

● AUTOMATION

Intelligent logger

INTRODUCED by Micro Consultants of Caterham, Surrey, is a portable data logger called the Imp which is also able to act as a controller for small process installations, and if linked into a distributed remote data acquisition systems.

The equipment provides straightforward logging, commands—channel numbers, alarm limits and scan intervals—from a keypad where each key is an explicit instruction. A built-in strip printer provides a paper copy and recordings is on cassette tape.

Dimensions of the unit are 438 x 438 x 200 mm., weight is 23 kgs, but the operational keypad is on a flying lead so that entry can be conducted in comfort. Software expansion is possible so that complete user operating programs may be written in simple desk calculator language. Overall control is by eight-bit microprocessor.

Provision is made for input/output channels, analogue or digital, and the standard logging software includes linearisation, engineering conversion, alarm limit checking and variable scanning speeds.

Two built-in V24 interfaces are provided, one for connection to the hand-held terminal and the other for connection to a computer serial I/O device running at any speed from 110 to 9,600 baud.

The logger has an integral autoranged digital voltmeter with five microvolt sensitivity and a standard scale length of 10,000. Analogue input voltages are 10 mV to 10 V can be accommodated.

The logger, which is contained in a strong weatherproof housing, is equipped with a battery pack by battery options giving up to 80 days without loss of program. More on Caterham 48921.

● SERVICES

Checks on materials

COMPUTER service company Comshare has developed a materials management system which is being marketed initially to mechanical engineering companies that assemble products from piece parts. Called BOSS, it has already been implemented at Hick Hargreaves and Son of Bolton.

From a terminal in his own office the user employs the Comshare network of computers to process and control stock levels, demands on stock, and suppliers' input to the stock.

Updating of stock and order information is easily done from the keyboard and status can be displayed. The system will produce on demand customised reports and analyses, allocate existing and "on order" stock against known requirements and maintain bills of materials. It is also possible to simulate the effect of various production plans on existing and expected stock levels.

Comshare supplies initial experienced personnel to work with customers in helping them to set up and run the system in a minimum of time. Training is also given to user's staff from 32 Great Peter Street, London SW1 (01-222 2652).

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON, EC4P 4BY
Telex: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4
Telephone: 01-248 8000

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 01-246 8026.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus II/104 Heussallee 2-10. Telex 869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 724884 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-5836
Madrid: Esprondceda 32, Madrid 3. Tel: 253 0173
Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.50.59
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 88212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: Second Floor, 1325 E. Street, N.W., Washington D.C. Telex 440225 Tel: 202 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Glasgow: 11 Woodland Avenue, Paisley. Tel: 041-884 2327
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex 127104 Tel: 295 4050

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

The Management Page

EDITED BY CHRISTOPHER LORENZ

How profits were made by going off the rails

Ian Hargeaves looks at how private enterprise has successfully added a fast delivery arm to British Rail's Red Star express parcels service and explains why the railway itself could not emulate such a business

ironic that even as e being sharpened for rgery on British Rail's loss-making parcels a small private com- uld be heading for yet record year under its

ty in which City Link d a niche, and a very one, within the Rail Parcels business is a mple of private enter- ng able to move more response to a market State-owned monopoly, statutory limitations tivities and hampered eer size.

City Link offers is very provides a nationwide collection and delivery or customers who are to pay for the un- speed and reliability of ail's Red Star express ervice, which operates only from station to station. Unlike Rail Express Parcels' ordinary services, Red Star is both profitable and, because goods are booked on specific passenger trains, tightly controlled.

The idea of adding a fast and flexible collect and delivery arm to the Red Star backbone came initially from a mini-cab operator, who formed City Link in 1969. Two years' later, having mainly limited itself to business in the London area, the company had debts of £10,000 and was up for sale.

Mr. Bob Thomas, then 32, with wide experience of the air freight business, bought 75 per cent. of the company for £75. Within a year, the company was free of its inherited debts and on a development path which is expected this year to produce profits of £150,000 on a turnover of about £1m.

Although in the context of Red Star's £12m. turnover, this is still small business, City Link's success has inevitably provoked the question: if Bob Thomas could do it, why couldn't British Rail?

One reason is the limitation placed on the railways under the 1968 Transport Act, when its road haulage interests were hived off to the newly formed National Freight Corporation. That does not, of course, deal with the fact that NFC itself might have provided a City Link type service; indeed, the theoretical threat of a future State takeover is one from which the company will never be completely free.

But the real explanation for the State corporation's failure to seize the opportunity made plain by City Link is the inflexibility of their structures. Mr. Thomas's company is able to run a service throughout the U.K. with just 30 full-time employees, relying on the ad hoc services of 150 sub-agents and an even larger number of independent hauliers and mini-cab operators throughout Britain. For British Rail or NFC to have run the service, it would, presumably, have had to be staffed entirely by their own personnel, inflating overheads to unsustainable proportions.

Such staffing structures would undoubtedly have been supported by the unions, although the National Union of Railwaymen has now, significantly, legitimised City Link by taking its drivers into membership. This, Mr. Thomas agrees, was an important milestone in the company's acceptance within the still somewhat inward looking railway community.

"When I first approached British Rail about City Link, I got the impression that they thought I was in for a quick killing. Now they know that's not true and we get excellent service from everyone. In my view, the quality of management and the efficiency of the railway is much higher than that of many airline companies," he says.

There is no doubt, though, that Mr. Thomas's experience in the air freight field was enormously helpful in developing an efficient structure for City Link. The compatibility of City Link's system with that of the air forwarders is demonstrated by the company's growing connection with an international air courier, Jetpak, with which Mr. Thomas is about to launch a courier service with worldwide outlets.

Mr. Thomas expects City Link to go on expanding, at least until it has responsibility for 10 per cent. of Red Star's consignments, compared with 3 to 4 per cent. at present. He feels that expansion beyond that point would be undesirable both for BR and for City Link.

The expansion will not, however, be a head-over-heels affair, of the kind which a number of operators in the parcels business have experienced to their cost. The key is to know what kind of business is profitable and to turn down anything for which your infrastructure is unsuited, even if the contract is worth a large sum.

Mr. Thomas also foresees the development of a City Link warehouse facility in order to give even more rapid service to larger customers, especially those in the computer and motor spare parts industries. Because of City Link's close relationship with British Rail, which probably has a greater supply of city centre land and premises than any other business in the country, space is not likely to be a problem. City Link's existing main terminal already nestles comfortably in an obscure wing of the vast Kings Cross freight terminal.

As part of a continual refinement of its existing services, the company recently pulled off a major coup by persuading British Rail to allow it to take single-charge consignments between railway stations in major centres such as London, Birmingham and Manchester. Previously, a Red Star parcel from, say, Brighton to Glasgow, had to be booked in two legs via London. City Link now offers a direct service and as a result has halved charges in certain cases.

Thus, City Rail and City Link combine their respective virtues of solid service and enterpreneurial flair in a deal which, in spite of the occasional rumbles of envy from the former, is very good for both parties. Mr. Thomas has a business with a reliable future (and one which others have since unsuccessfully attempted to copy) and British Rail has a customer of growing importance. When Mr. Thomas paid his first monthly cheque to Red Star in 1971, it was for £350. Even in the dog days of August 1977, the cheque banked by British Rail will be for not less than £30,000.

Michael Donne looks at the rapid development of a pioneering aviation company that has now become Britain's biggest cargo airline

Winging towards a rosy future in freight

ON HAS always pro- ich harvest of pioneers. he aircraft manufactur- the airline operational the industry. In recent ew opportunities have in the rapidly expand- of air cargo worldwide. result a new generation itors is appearing, some have already made a it impact.

these is Alan Stocks, ider and chairman of now Britain's biggest t aviation operation, to Airlines, the trading International Aviation (U.K.).

ged 47, Stocks founded 966, initially to supply uage of support services viation industry, from ient consultancy to e. Later, the company nto the aircraft operat- . and in 1970-71, with Britannia turbo-prop it earned a pre-tax £15,000 on a turnover 00. By 1976-77, with a leased fleet of three three Boeing 707 jets, annia, one CL-44 and a lercules, it earned a profit of £510,000 on a of £23m., while for the year Stocks is forecast- ading profit of nearly a turnover of £33m.

rd work

expansion has been with a workforce of 0 people. How has it me? Stocks' response e: "Hard work never yone. There is nothing about my work pattern, no different from any ighly competitive ex- industry, where there is a continuing challenge and inevitable problems around every corner. I suppose my contribution could be summed up by saying that I do not ask people to work any harder than myself. The progress one makes compensates for the stresses, and having lived in the independent aviation environment for approximately 30 years, I suppose one does not notice what seems odd to other people or out of mode with 1977."

Innovation

There is, of course, more to it than that. Innovation has played a major part. Stocks admits that he moved in at a time when more and more shippers were becoming interested in air transport as a means of distributing their goods, especially to the countries of the Third World where traditional surface transport infrastructures were non-existent, and where scheduled airlines did not fly. This explains why IAS still has such a strong interest in the Eastern Hemisphere, especially in Africa and the Middle East.

"The aviation industry is highly competitive," says Stocks, "and it therefore follows that participants need to be aggressive in their marketing. To this end, IAS has made a successful contribution in penetrating new markets—by accepting commercial risks, largely in the area of taking responsibility for unused cargo space (on aircraft): gearing prices to directional traffic; creating a feeling of security and reliability for shippers and consignees; and pressing for the removal of unnecessary artificial rules, to encourage a greater liberalisation of air-service licensing policies."

In addition, he believes that the conditions created worldwide by the oil crisis of 1973, and the subsequent economic and industrial problems worldwide, helped the growth of air cargo, especially to countries in Africa such as Nigeria, where the inflow of additional oil revenues has helped to create a demand for goods which only the industrial countries can meet as yet.

Stocks stresses that the air transport industry is still relatively young, and so fortunately lacks the worst elements of traditionalism in transport. IAS has therefore been able to develop its own style of operations, engendering enthusiasm among a comparatively young workforce for hard work and a high degree of self-sufficiency.

"Since the industry requires a highly flexible approach, as freighting requirements are often only known at relatively short notice, it follows that management has to respond in the same way, and perhaps this is one of the features which provides the industry with the stimulus necessary to operate successfully."

Glyn Genin

Mr. Alan Stocks, chairman and managing director of IAS Cargo Airlines.

He believes that in the future the scheduled airlines are likely to concentrate on carrying cargo in containers in the belly-holds of aircraft on regular passenger flights. The IAS operation, which moves all kinds of freight, often at short notice, to destinations not covered by scheduled airlines, or by other all-cargo flights, is certain to expand. "There is a rosy future for us, and without major catastrophes, I forecast a growth rate for IAS of between 12 and 20 per cent., providing we can continue to match the capacity to meet the demand, with rates pitched at the right economic level." Last year, IAS carried over 47,000 tons of cargo; this year he forecasts 55,000 tons.

Satisfactory

"Bearing in mind the continued rapid development of the airline, including fleet increases, new routes and expanded ground facilities, the latest financial result is just satisfactory. Although our profits are not rising in relation to inflation, the basic strength, stability and status of IAS has grown tremendously and our alternative type of air service (to the scheduled airlines' operations) is gaining wider recognition."

This year, IAS has been reorganised, and its activities are now covered by six divisions—head office, management, accounts, ground services, operations and technical, each headed by a principal who forms the first-line management.

"Matters which can wait are reviewed at monthly management meetings. At the same frequency, engineering and commercial meetings involving senior personnel of those divisions take place to discuss more detailed matters. When circumstances dictate, meetings are convened at short notice to deal with urgent matters requiring collective views; otherwise the divisional heads have the authority to operate the day-to-day management infrastructure to ensure a cost-effective and profitable operation."

Stocks says he motivates his staff by minimising supervision—"Consequently staff of the right calibre readily accept the increased responsibility. Every encouragement is given to all staff who reflect aptitude and effort. Wherever possible, the working environment is maintained at a high level, and the company endeavours to assist staff with personal difficulties.

"IAS is currently reviewing a non-contributory profit-sharing scheme, and this could be introduced during the current financial year. Promotion is made from within the company's existing staff, and is essentially based on individual ability. At the same time, we are able to maintain the 'small company' atmosphere, and maintain and hopefully improve the feeling of team spirit."

As part of the reconstruction, the company's privately-held capital base has been strengthened, from £619,000 to £1.5m. This has been achieved by turning over a sum of deferred taxation to the reserve capital of the company.

Business courses

How to Make Exhibiting Pay. Charing Cross Hotel, London. October 19. Fee: £50 plus VAT. Details from Management Studies Centre. 51a George Street, Richmond, Surrey.

An Introduction to Company Law. Europa Hotel, London. October 14. Fee: £55. Details from Legal Studies and Services, Norwich House, Norwich Street, London EC4.

Tax and Financial Planning for Professional Partnerships. Hotel Metropole, Birmingham. October 26. Fee: £27 plus VAT. Details from London Professional Conference Services. 3 Barnes High Street, London S.W.13.

Health and Safety at Work. Rubens Hotel, London. October 24-25. Fee: £120 plus VAT. Details from InComTec, InComTec House, 7 High Street, Camberley, Surrey.

Zero Base Budgeting. Selfridge Hotel, London. October 10. Fee: $325. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2.

The Future of the Private Company in Britain. Queen Elizabeth Hall, London, October 25. Fee £45. Details from Mr. C. J. Walters, Industrial and Commercial Finance Corporation, 91 Waterloo Road, SE1.

Insolvency—rescue, receivership or liquidation? Hilton Hotel, London, September 30. Further seminars at Winchester (October 7), Birmingham (October 11), Harrogate (November 8), and Manchester (November 15). Fees: £55 plus VAT in London, £45 plus VAT elsewhere. Details from European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland, Leics.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Tuesday September 20 1977

Widening the club

WHEN THE nuclear suppliers' club meets in London to-day, its members can reasonably reflect that its activities are now back on course. The club was set up about two years ago with the aim of establishing additional means to those of the *Non-Proliferation Treaty (NPT)* for preventing the spread of nuclear weapons. Its initial success can be judged by the way its membership included *France, which is not a signatory* of the NPT, as well as the Soviet Union which, although one of the NPT's founding fathers, does not normally like *to associate itself with Western* nations in discussions of such sensitive matters.

Japan

Progress came to a halt, however, during the American election campaign last year when it became necessary to wait and see how U.S. nuclear policy would develop under a new Administration. In the event, there was a quite radical change. President Carter was not only firmly against nuclear proliferation: he was also against some of the technologies which had previously been conceived as essential for promoting the peaceful use of nuclear power. The last meeting of the suppliers' club took place in April only a few days after the guidelines of the new American policy had been announced. It was, by all accounts, a stormy affair. The Americans found themselves almost isolated with only Canadian support. The British, the French, the West Germans, the Japanese and the Russians all spoke out against the U.S. proposals.

What has happened since has been the steady erosion of the American position, coupled with the realisation on the American part that it was impractical to seek to impose constraints on countries which lacked America's own access to uranium supplies and which were dependent on nuclear power for their future energy requirements. President Carter wanted to stop altogether the reprocessing of spent nuclear fuel for use in the fast breeder reactor on the grounds that the plutonium separated in the process could be used for the manufacture of nuclear weapons. He also wanted to impose this condition on countries which bought their original nuclear materials from the U.S. Other members of the club insisted that supplies of uranium were inadequate to risk foregoing the plutonium option and that their fast breeder programmes were essential for the future.

The extent to which President Carter has now backed down can be seen from the recent agreement between the U.S. and Japan. The Japanese are to be allowed to go ahead *with their own demonstration* reprocessing plant at Tokai Mura; they are also to be allowed to send fuel originally enriched in the U.S. for *reprocessing in France (a possible* reprocessing deal between Japan and Britain is held up pending the outcome of the Windscale inquiry). Neither provision would have been possible, had Mr. Carter stuck to his initial position. Similarly, the Americans have toned down their call for an international programme to evaluate alternative fuel cycles. At the beginning, that implied a moratorium on fast breeder development, probably for about two years, while the evaluation took place. Now it seems that the evaluation will go ahead without any further delays in existing programmes.

Invitation

The result is that the nuclear suppliers' club to-day can get back to its essential task. That *is to provide safeguards against* the abuse of nuclear power and incentives for those safeguards to be respected, while at the same time avoiding discriminating against those countries which want to develop nuclear energy for peaceful purposes. The work on safeguards has probably gone as far as it reasonably can. Both France and West Germany, for instance, would defend their recent nuclear deals with Pakistan and Brazil respectively on the grounds that all possible safeguards against abuse have been included. No safeguards will ever be absolutely foolproof, but it *is better to have an* internationally agreed system than none at all. To this end, the sooner the suppliers' club can further widen its membership the better. If the impression of discrimination is to be avoided, the club should also include the nuclear customers. It will be an achievement if an invitation to Brazil and other near-nuclear countries can be agreed to-day.

Looking beyond Phase Two

IN THE full twelve months of Phase Two average earnings rose by 8.8 per cent., according to the provisional figures issued yesterday, while the index of *retail prices rose by 17.6 per* cent. That is the measure both of the success of the Government's incomes policy—the original prediction had been an average rise in earnings of 7.5 per cent.—and of the frustrations which it has caused, as people have seen their living standards steadily eroded. The question now is whether they will accept the Prime Minister's assurance that the period of falling living standards is at an end.

Encouraging

With no more support from the TUC than the 12-month rule and a *general endorsement of* the Prime Minister's plea for moderation, some observers have dismissed the Government's target of a 10 per cent. average increase in earnings over the next 12 months as unrealistic. The issue has not yet been put to the test in a major negotiation either in the public or private sectors, but the Government has been encouraged over the last few weeks by scattered evidence of a willingness on the part of shop floor employees to negotiate Phase Two settlements and even to reject more militant demands put forward by their own shop stewards.

Some trade union leaders believe that the damage caused by inflation has caused a change of attitude *among* their members and a greater awareness that large increases in nominal wages are self-defeating. The Government hopes that over the next few months, normally a quiet period for wage negotiations, a continuing fall in the inflation rate will reinforce the argument that a real improvement in living standards is more likely to be achieved if wage increases are kept well below the 10 per cent. *mark. The familiar danger* remains, however, that a power*ful group of workers will upset this* pleasant prospect by demanding disproportionate gains for its own members and thus set off a new leap-frogging process.

The possibility that the miners could play this role once again has been diminished by yesterday's decision of the joint negotiating *council to* recommend to the NUM executive, subject to the clarification of certain points with the Coal Board, that the proposed productivity scheme should be put out to ballot. Since the NUM annual conference in July specifically rejected the idea of a productivity scheme (by a very small majority) a favourable decision by the executive cannot be taken for granted: the left-wingers are adamantly opposed to it and some constitutionalists among the so-called moderates may regard the conference decision as binding. The issue is of vital importance to the Government since approval of the productivity scheme in an industry-wide ballot would take the steam out of the left wingers' demand for large basic increases in wages to be paid from November 1, five months before the current wage agreement expires.

Psychological

Even if the miners are bought off by the productivity deal, there are other sectors which could pose serious challenges to the Government's policy: British Leyland where the toolmakers are threatening a full-scale strike next month unless their demands are met is one obvious source of trouble. But at least the great upsurge of shop floor militancy and massive wage demands which had *been feared after* the end of Phase Two has not materialised. The TUC conference may have had some psychological effect on union negotiators — and perhaps stiffened the resolve of employers to resist excessive wage demands. For the moment the tide is running in the Government's favour.

ECONOMIC STRATEGY

The North Sea oil factor

By PETER RIDDELL, Economics Correspondent

THE GREEN Paper on the economic implica*tions of North Sea* oil — now being drafted in Whitehall for probable publication in November—will be the Government's somewhat belated contribution to the growing public debate on the issue. Economists, City analysts and commentators have been *arguing fiercely for* several months about the claimed advantages and pitfalls, and the right policies, but the Government itself has been relatively quiet until now *about alternative* ways of exploiting the North Sea opportunity.

Its reticence reflects a genuine dilemma in face of a multitude of options. About the only common point is that the U.K. should not waste the opportunity and suffer the so-called "Dutch disease" of allowing many of the benefits to be swallowed up in higher consumption. But beyond that there is confusion and dispute.

Indeed to describe the discussion of options as a debate is rather misleading: unlike the controversy preceding the U.K.'s entry into the EEC there is no final decision day but rather a continuing series of decisions over several years. This process has already started because actual current account receipts associated with North Sea oil and hot-money inflows in anticipation of the future impact on the balance of payments have been affecting policy as seen in *the decision to hold down the* exchange rate.

The Government will clearly have to take a number of major decisions during the next few years as a direct result of North Sea oil—covering not only exchange rate and control policy but also taxes and the size and distribution of public spending. Thus there is an *obvious need for* some statement at least of the range of alternatives and of the Government's own priorities.

The general options to be included in the Green Paper are familiar enough. Should North Sea oil be used primarily to reduce inflation? How much of the revenue should go into industrial investment, and by what routes? How much should be allowed to go overseas? How can existing energy resources be replaced when the oil runs out and what effort should go into greater energy conservation? How much can be done to reduce unemployment?

The Government is not, of course, drawing up an isolated blueprint. It faces a whole range of partially conflicting financial, economic and political pressures. After all, production from the North Sea is increasing rapidly at a time when the economy has only just started to emerge from a long and deep recession with record inflation, as well as with a huge total of foreign debt to be repaid during the next decade. There is thus no shortage of claims on the potential extra resources. Not the least important for Ministers this autumn is the approach of a *General Election within two* years at most.

The central point of the Government's approach is likely to be the assertion of the general hope that the economy can be permitted to grow for some time without a return to the stop-go cycle—as reflected in Mr. Healey's recent comment that there was the prospect of a "generation of a steady expansion ahead" provided the North Sea oil benefits were used "*sensibly.*" *Acceptance of this* assurance will, the Government hopes, encourage a general revival in business confidence and investment.

The result is almost bound to be a compromise with the Government offering something from each option. At present *it looks unlikely that the* Government will be very specific about its own plans in the Green Paper apart from indicating a general emphasis on action in the early years to reduce inflation, foster energy conservation, repay debt and run the economy at a higher level of activity than would have been possible without the oil.

This broad statement has a whole series of practical implications—many of them controversial and potential sources of conflict within the Labour Party and Government so it is doubtful how clearly they will be set out in the Green Paper.

At the macro-economic level the immediate question of how much reflation, and when, merges into the medium-term issue of the use of the North Sea royalties and tax revenues, totalling about £5bn. between 1976 and 1980.

There are certainly strong immediate pressures for a reduction in the level of direct taxes beyond just the adjustment of income tax allowances to allow for inflation. But this is being partly countered by demands for a restoration of some of last year's public spending cuts. The Government will probably not take a long-term view on this issue for the moment. This is because the decisions on public spending plans for the next few years to be taken later this autumn—are still likely to reflect the recent preoccupation with short-term control and stabilisation of public expenditure. But pressures are building up for renewed growth in this sector from the end of next year onwards.

There is also no common view on how any extra public expenditure should be distributed: for example, how much should be diverted to help stimulate industrial investment. There are well-established divisions between those who favour increased support for the National Enterprise Board and those who believe that selective assistance via the accelerated projects scheme would be more fruitful. And there is now a new source of controversy in the proposal for a North Sea development fund.

Most outside comments, especially in the City, see these issues as less urgent than the immediate dilemma of exchange rate and control policy posed by North Sea oil. The Bank of England and the Treasury are at present opposed to any significant appreciation of sterling — both for short-term market and long-term competitiveness reasons — while there are no signs of an imminent and large-scale dismantling of controls on outward capital. The extent to which these issues are fully discussed in the Green Paper will provide a good indication of the Government's commitment to a full public debate on the North Sea options rather than just a desire to postpone politically difficult decisions. The debate is of course, static since if the pay explosion during the next 12 months some of the macro-term options apparent now may disappear and much of the opportunity will have been lost.

POTENTIAL PAYMENTS EFFECTS OF NORTH SEA OIL

	1976	1977	1978	1979	1980	1985
	£ billion at 1976 prices					
1. Oil exports/imports saved (including insurance and freight)	0.7	2.3	3.4	4.8	5.5	6.7
2. Imports of goods and services for North Sea programme*	−1.3	−1.0	−0.9	−1.0	−0.9	−0.5
3. Imports/exports displaced by North Sea oil programme	0.5	0.5	0.5	0.4	0.7	1.0
4. Interest, profits and dividends due overseas	—	−0.5	−0.7	−1.3	−1.6	−1.1
5. Net interest on official assets/liabilities (as measured by the cumulative total of 1-4 and 7)	0.1	0.1	0.3	0.5	0.6	1.5
6. Net effect on current account	−0.1 (0.1)	1.4 (1.1)	2.7 (2.3)	3.7 (3.4)	4.3 (4.5)	7.6 (8.7)
7. Net effect on capital account	1.0 (1.1)	0.7 (0.9)	0.7 (0.7)	0.8 (0.5)	0.7 (0.3)	−0.1 (0.1)
8. Net effect on overall balance of payments (6+7)	0.9 (1.2)	2.1 (1.9)	3.4 (3.1)	4.5 (4.1)	4.9 (4.8)	7.5 (8.9)

(Figures in parentheses are last year's estimates: discrepancies in totals are due to rounding.)
* The programme includes development, exploration and operating costs. Source: Treasury

How Mr. Wedgwood Benn would save it

BY RAY DAFTER, Energy Correspondent

THE FIRST seven fields to be brought on stream in the North Sea have been meeting about half of Britain's oil requirements for the past couple of months.

On current evidence it seems likely that North Sea production *will match U.K. needs late in* 1979 or early 1980. That is in strict volume terms. In value terms the break-even point will be reached a little sooner. Most of the oil found in the North Sea has been of a comparatively light, premium grade. As a result it is worth about $14 a barrel as against an average of around $13 per barrel for imported, heavier crudes.

The question now exercising the Government—and the Con*servatives planning their eco*nomic strategy—is how fast the oil reserves should be exploited in the 1980s. There are still nine fields now being developed which have yet to go into production. More than a dozen other fields are being evaluated by oil companies and a number of these will certainly be developed over the next few years. This means that energy self-sufficiency will be maintained at least into the late 1980s. And there are plenty of prospects which should prolong this state of affairs.

At one time it looked as if Britain would become a significant net exporter of crude oil with production rising to as much as 50 per cent. more than U.K. demand. This would have given the British economy a further stimulus although it *would have been little more* than a short, sharp burst. Now it seems much more likely that output will be sustained, closely matching domestic demand.

Part of the reason for this is accidental. Fields like Forties and Piper will be producing faster than expected in the early years but their output will begin to fall in the early 1980s when other fields will be fully on-stream.

There are also signs that the *Government is deliberately* planning to match output to demand as far as possible. In this way, it is argued, Britain's oil reserves will be conserved for a longer period. Oil will undoubtedly be much more valuable in the 1990s when, by many accounts, the world could be facing another energy crisis.

Mr. Anthony Wedgwood Benn the Energy Secretary, has already told North Sea companies not to fix long-term contracts which might preclude some oil selling options in the 1980s.

The Energy Secretary wants to ensure that the future trading operations of the state-owned British National Oil Cor*poration, which is about to be*come a substantial marketer of crude, is not undermined by the market activities of major oil groups. He is also keen to guard against Britain running short of crude as a result of long term export contracts.

Oil companies are annoyed because they see Mr. Wedgwood Benn's *diktat* as a further encroachment on their operating freedom. Although oil taxation and state participation terms *have been less harsh than many* oilmen had feared, they are aware that the Government has armed itself with a wide range of controls. Many of these are embodied in the Petroleum and Submarine Pipelines Act, the Energy Act and the participation agreements.

And they are already being made to bite. Shell and Esso have been told to keep their first Brent Field production platform shut down until gas handling equipment has been installed. The Department of Energy said it was concerned about the amount of gas that was being flared and wasted in the Brent Field. For the same reason Occidental was prevented from increasing peak production of its Piper Field until it had made an agreement to pipe ashore its associated gas.

These are measures which could be imposed to restrict oil production: a back-door method of depletion control. There are other ways in which governments could keep a fairly firm grip on the rate of North Sea exploitation. One is already being applied: the Government is committed to fairly small but frequent rounds of offshore licences. In this way it can keep a check on the amount of exploration. *A Conservative* Government would probably follow similar lines.

Mr. Wedgwood Benn is also considering providing BNOC with a clutch of its own licences. Anything found under those licences could be developed when the Corporation (and that means the Government in present circumstances) felt there was a need to boost oil production.

Again, the oil companies would be unhappy about such special treatment. The Conservatives would probably be opposed to the idea as well. Mr. Tom King, the Opposition spokesman for energy, said he was concerned about the dual role now being played by the state oil corporation: that of a monitoring agency and a state oil enterprise. It is quite possible that if the Conservatives were returned to power BNOC's role would be altered, perhaps with its overseeing work being returned to the Energy Department. Some of the Corporation's assets might be sold as well, although this has been made more difficult by the large international loan recently negotiated by the undertaking.

The depletion policy, as laid down by Mr. Eric Varley when he was Energy Secretary in December 1974, remains as follows:

- No cuts will be made in production from finds made prior to December 1975 until 1982 *or four years after pr*oduction begins. For fields discovered after 1975, no cuts will be imposed until 150 per cent. of the capital invested has been recovered. Cuts in production will generally be limited to 20 per cent.

That policy still stands *although there are a numb*er of ways in which a government can delay the start of production from any discovered field. In general the Conservatives are also satisfied with the guidelines.

How these and other depletion policies will be im*plemented is now the subje*ct of discussion in the Cabinet, with the Prime Minister, the Chancellor and the Energy Secretary most closely involved. An option should soon appear in the Green Paper.

MEN AND MATTERS

An author's best friend

Literary agents like to think of themselves as the author's best friend, the professionals who "give advice, read manuscripts, arrange translations and give sympathy and idsight" as Andrew Best of Curtis Brown—which is the big daddy of the trade—put it to me yesterday.

Up to now, however, much of the business of selling authors' rights to publishers around the world appears to have taken *place on a rather informal*, ad hoc basis of personal contacts, trade gossip. Agents put out cyclostyled lists of authors and coming publications, as well as doing the rounds of book fairs and the like — of which the Frankfurt book fair in the autumn is the most important.

This rather amateur-looking approach has now been breached by Curtis Brown. They claim to have put out the first detailed catalogue of authors' *rights sold or for sale. But reac*tion to this new-fangled rationalisation of the authors' rights business has been somewhat mixed.

Jim Rose, the chairman of Penguin Books, is all in favour of full frontal exposure of the trade's shop window in this way. But when I caught him just as he was boarding a plane to New York, he said he was amazed that they had taken so long to get around to it. "It just shows how sleepy they have been up to now."

Pat Kavanagh of A. D. Peters was rather indignant that Curtis should claim to have broken new ground in this field, as Peters have published a full authors' list of future and forthcoming books for the past six years. This has been laid out to make quite clear whether U.K. and U.S. rights had been sold, although she agreed that it was not specifically a rights catalogue and omitted, for example, rights sold or available in other parts of the world.

"*Could you hold on while I step outside to find someone to answer that question . . . ?*"

Sales of overseas publishing and translation rights are an important part of an author's potential income and Curtis estimates that around *half of the* over £5m. worth of rights and royalties they negotiate every year comes from abroad. They are the biggest of the half *dozen o rso literary majors*, having behind them the financial muscle of merchant bank Dawnay Day, which bought a 97 per cent. stake from retiring chairman Spencer Curtis ten years ago. The doyen of the business is A. P. Watt, established for over a century. But beyond the big league stand over 200 small, often one-man, agencies dedicated to getting cash from the written word in all its forms — and not a catalogue in sight.

Sleeping tall

Now he's up, now he's down . . . as the bulletins on Victor, the weak-kneed giraffe, keep the nation on a peak of suspense, one question keeps rearing its head above the trees: do healthy giraffes ever lie down? I rang the London Zoo and talked to the resident giraffe expert (who merely gave a cryptic grunt when I asked his name).

It seems that the belief that giraffes never lie down to sleep is an old myth, like the medieval tale that elephants could *only make love when up* to their necks in water. "They sleep standing up or lying down," said the expert. "Just as takes their fancy."

As the man said

There is *nothing* that so intrigues students of the ultra-left in British politics as the fond links between Colonel Gaddafy of Libya and the Workers Revolutionary Party of Clapham. A delegation from the WRP (best known to the public at large through Vanessa Redgrave's adherence) recently attended the eighth anniversary celebrations in Tripoli of the coup that brought the volatile colonel to power. Last week, the *WRPs daily, News Line*, gave up its centre pages to a verbatim deluge of Gaddafy's speech at the celebrations; alongside it was an editorial steeped in eulogies for Libya and invective against British "renegades" from Trotskyism who it seems are daring to speak up for President Sadat of Egypt.

All this may sound somewhat esoteric, if it were not for the belief that Gaddafy is lending his financial backing to News Line—which is certainly not self-supporting. This idea was first aired by that ageing young revolutionary Tariq Ali, some weeks ago, in a rival leftist *journal called Socialist Chal*lenge. There was a furious denial from the WRP then, and it was repeated when I talked yesterday to Stephen Johns, a *senior member of the News* Line staff. So how does News Line keep going? "Our supporters have an appeal fund to raise £4,000 a month."

However, the publication of Gaddafy's speech had a curious sequel, with the appearance next day of a correction to a sentence in the text originally reading: "Our Libyan people . . . stand with power in their hands, with wealth in their hands." As News Line apologetically explained, it had left off the final phrase of the sentence: "and with weapons in their hands." Since the entire sentence, weapons and all, had been used in large bold type as the headline to the original report, it is clear that the WRP treats the colonel's words with a remarkable respect.

Full of power

It appears from that usually impeccable journal, the Monthly Digest of Statistics, that the Bank of England is changing its name to the Bank of Energy: for that is the source given in the latest issue for the table on the Bank Rate. Is it all those gilt-edged sales or North Sea oil which has put more power to their elbow?

Observer

BY JOE ROGALY

Mrs. Thatcher's capacity to learn

E, and heartening, sig- of what Mrs. Margaret had to say about a m in her stunning appearance on Sun- ing is this: she is a of circumstance, not a of our destiny. As such ow to the forces pres- wards a new constitu- tlement when she is do so, although she hown any sign of be- ginative enough to leadership of the for reform.

even certain whether ought through her own for a referendum, introduced at the end television interview at en the questioner, Mr. lden, was able to do e than splutter that ade a "tremendously point." If he had had tes more, Mr. Walden doubt have thought ber of supplementary after all when he ing as Labour MP for m Ladywood, in a the European Com- n April 8 1975, he to the then forth- ferendum as "a con- dodge, associated only with Professor tone-blind reactionary ed to use it against e."

atcher's version also ook of an emergency it was introduced as er to the frequent "what would you do against a wall by a on as Mr. Heath was ners in 1974?" Partly ason, the first response rade union leaders to sal has been hostile, wholly characteristic private reaction of some members of the Establishment has been to hoot with laughter. Yet the matter deserves serious debate. We should start by noting the most important aspect of the idea which is its indication that beneath that stern exterior there dwells a politically flexible soul.

The evidence is plentiful. Her deputy, Mr. William Whitelaw, said in the House on April 7, 1975 that in his view a referendum (he was talking about the one on the EEC) "could easily cause lasting damage and difficulty in the future relationship of Parliament and people." Her spokesman on law, Sir Michael Havers, said in debate three days later (this was on the Referendum Bill itself) that "This whole idea is not only a waste of time, but a waste of taxpayers' money." He went on: "Why are we to have a referendum? It is significant that just over two weeks ago the House set the evil precedent of indemnifying certain councillors who deliberately flouted the law, and in so doing the House damaged itself. To-night, for, I suspect, the same reasons, because similar pressures exist, we are being asked to set a precedent which again must damage Parliament.

"Unique the circumstances may be, but they are unique for the wrong reasons, for short-term political advantage, and not because they are justified."

Logically enough, Mrs. Thatcher voted "No" at the end of that debate on the second reading of the EEC referendum Bill. She indicated on Sunday that she had seen matters in a different light after the results of the referendum were published, but if one refers just once more to Hansard, the record shows that what she recalled on Sunday was not the whole of what she said then.

The relevant date is June 9, 1975. She said, "there have been lessons to learn from putting a single issue to the people, *particularly a single issue in foreign affairs.*" The words in italics were left out by Mrs. Thatcher on Sunday. In mid-1975 she seemed to see the relevance of the referendum as being more or less restricted to foreign policy; at the week-end it became useful in settling "constitutional" matters. But what is a constitutional matter?

If you ask the electorate whether they think that the miners, who do a dirty and often dangerous job, deserve more pay, the answer is likely to be "Yes." If you ask the same voters, on the same day, whether they are willing to pay more for coal, electricity, rail transport, and all the other services and products dependent on coal, the answer is likely to be "No." That can hardly be a constitutional issue.

However you refine it, it would be exceedingly difficult to come up with a form of that question that all sides would regard as fair. In February, 1975, *National Opinion Polls* showed that five different forms of the question about whether Britain should remain in the EEC or not would produce five different results, from a 0.2 per cent. "No" majority for "do you accept the Government's recommendation that the United Kingdom should come out of the Common Market?" to an 18.2 per cent. "Yes" majority for "do you accept the Government's recommendation that the United Kingdom should stay in the Common Market?"

It is also fair to say of the referendum as a device that it can have the defect that White Rhodesians ascribe to the ordinary franchise when given to new black Republics: "one man, one vote, once." Opinion on membership of the EEC has fluctuated since the referendum, which was held at a time when the weight of propaganda and Establishment opinion was heavily on the side of a "Yes" vote—but there is no question of another vote, giving the people whose opinion was so highly valued at that time an opportunity to change their minds now.

Yet in spite of all these defects, the referendum can be useful. It need not be final: the people on the Irish Republic were given a chance to abolish their system of election, the single-transferable vote, in 1959. They voted to keep it. They were given a further chance, in 1968. Again they voted to keep it and by a bigger majority. Local referenda on, say, the position of Northern Ireland within the U.K. (held in 1973), or drinking hours in Wales, or a new docks in Bristol (held in 1970) need not be unfair or impractical. National referenda on important changes in the constitution — such as setting up regional assemblies (proposed by the Government for next year?), or abolishing the House of Lords or introducing a Senate, or changing the voting system, or establishing a Bill of Rights, could give those changes, if accepted, the added strength of a popular vote in favour.

None of this answers the central question posed by Mrs. Thatcher's studied throw-away remarks. A referendum on an industrial dispute might seem to some people to be moving too far towards the mob rule of direct democracy for comfort, to others it might appear that in the modern world in which small groups hold the rest of society to ransom, a referendum is a possible means of uniting society in a determined effort to resist. It would be instructive to hear what the Conservative leader thinks of the several arguments on this kind of referendum, which would be an unprecedented device.

For such an exposition of current Conservative thinking might show the degree to which the Party or its Leader has grasped the need for general constitutional reform. If we had a properly respected Parliament, genuinely representative of opinion, a referendum would hardly be necessary to convince the trade unions that if they behaved in such-and-such a manner most people would be against them. Mrs. Thatcher has hitherto set her face against electoral reform, no doubt because she believes she can win an overall majority at the next election. Recent opinion polls suggest that there could be another hung Parliament. Will the ability to learn, shown by her remarks on a referendum, be exercised in such circumstances?

Again, the tide of Scottish opinion in favour of some kind of devolved assembly for Scotland is still running strongly enough to make it imperative for the Labour Party that it try to get a Scottish devolution Bill through the next Parliament. Such a change will in due course be reflected in a stronger Welsh demand for a form of home rule. Once on that path, the main national parties will have no option but to bid against one another for Celtic support, except in those extraordinary years in which a landslide in England results in national overall majority for one of them.

As has been pointed out before, real devolution must, in the end, mean some kind of court to settle quarrels between Westminster and the devolved assemblies. Those who see the need for a Supreme Court on the constitution are close to those who wish for a Bill of Rights, the case for which has become stronger as the threat to the liberty of the individual of a weak Parliament and a legally unfettered trade union movement has become easier to discern. Some of the devices proposed by we reformers amount to double-locks: for example, a properly representative House of Commons would lessen the need for a properly elected and representative Lords. But the general case for a broad new constitutional settlement stands.

Its opponents' central objection is that if there is something wrong with our society, no institutional change will cure it. It is the quality of the politicians, or the rift between classes, or the malevolence of the union leaders, or the ineptitude of management, they say: the precise form of our institutions has little to do with it.

This view ignores the central fault of our institutions: that they constitute an imperfect link between the will of the people and the acts of the executive. Government by a minority faction of a minority party, or the administration of unwilling Celts by inefficient Englishmen, or television appeals to unrepresentative trade union leaders to give unrepresentative politicians a break, *are but a few of the* many indications of this. By reaching out towards the magic word "referendum" Mrs Thatcher has shown that she too is a helpless victim of this imperfect mechanism. It would be wonderful if she, or some other national leader, understood what needs to be done; meanwhile, we must rest our hopes on the chance that over a period of years events will force them towards a destination they are too blind to see for themselves.

Mrs. Thatcher faces Mr. Walden: her throw-away line left him spluttering.

Letters to the Editor

...ea oil and ...tion

From Mr. P. Richards

...September 15 Samuel ...argued the case for North Sea oil gains a relaxation of ex- ...ntrols. What was not ...r was the mechanism overseas investment of ...s (which in any event ...ainly to the Govern- ...ould be facilitated by ...hange controls.

...rns on ...stment

From Mr. J. Rothman.

...muel Brittan's argu- ...tember 15) for invest- ... ment's profitability but by the total value added which it creates.

On this basis investment in the U.K. yields a return to the nation which is at least three times as great as that obtainable from investment overseas.

James Rothman.
25, Norfolk Road, N.W.8.

Transport in city centres

From Mr. A. Cornish.

Sir,—Neither the chairman of Transport 2000 (September 13), nor the chairman of London Amenity and Transport Association (August 31), seem able to come to terms with reality in their discussion of transport in city centres. Instead, they allow their preconceived notions to cloud rationality — a common fault of self-appointed lobbyists.

In reality, our politicians are not banning traffic from the city centres to any significant extent. They only talk about it—often prior to elections. In reality, society does not seem prepared to invest sufficiently in public transport to create a system which will attract traffic from other modes.

In reality, we have a national trunk road network which is incomplete at its most critical points—the city-nodes. We have a choice—either to complete this network, or to live with it in its present incomplete state.

The latter alternative means that the overall national network cannot make its full contribution to the economy. It also leads to a coincidence of trunk and commuter *traffic in the city* approaches, where life is liable to deteriorate into a traffic-ridden nightmare.

On these "missing links" of the network, the traffic rapidly reaches saturation at peak times; and spills into ever more back street "rat runs." It also grows excessively in the off-peak periods, as drivers seek to vary their time of travel to avoid congestion. But this also turns life into one day and night-long living hell for the unfortunate residents of such areas, and urban blight sets in.

As I said in a previous letter, someone, somewhere, in our great bureaucracy, has got to wake up his ideas—and sooner, rather than later. Will the theorists please keep out!

Alan Cornish.
Afco Associates,
21, Tennyson Avenue, E.11.

Essays on Hayek

From Professor Antony Flew.

Sir,—On July 7 you *published* a review from my pen of a book entitled *Essays on Hayek*. In the course of my review I made some severely critical remarks on the essay in that book by *Professor* Arthur Shenfield. After further consideration, and in the light of certain observations put to me by him, I wish to say that what I thought was incorrect in Professor Shenfield's essay was wholly correct, and that my criticism of his work was thus wholly misconceived. I regret very much that I may have caused a baseless misunderstanding to arise among my readers.

A. G. N. Flew.
University of Reading,
Whiteknights,
Reading.

Volunteers or conscripts

From Mr. R. McRobb.

Sir,—The recently publicised differences between Sir Keith Joseph and Mr. Prior about the closed shop problem has prompted me to go back a little in history.

I believe that when trades unions were first formed their members joined because they wanted to join. They wanted to join because they firmly believed that membership of the union would be of benefit to them. There was no need for coercion. Certainly not for the closed shop.

It seems to me that the very fact that to-day working people have to be forced to join a union clearly indicates that they are not thought to be of benefit; of such a degree of benefit that people want to join. I wonder how many present union members would continue to be members from choice if they had a free choice in the matter? If unions are really of such benefit to their members as they claim and if their leaders are as good statesmen as they seem to think why do they not put these claims to the test? Why do they not abandon the closed shop and coercion? Which union leader would be prepared to put his claims to the test in this way? Certainly there will always be a percentage of people who for one reason or another do not want to join a union but, if unions are as good for their members as they say they would gain members by simple persuasion not lose them by such a policy.

Is any union leader prepared to nail his image to the mast in this way? No organisation is stronger than the voluntary one. The volunteer army is always considered to be better than the conscript one. Why should it be different with trades unions? I do not believe that it is. Conscript unions, which we already have in some industries, cannot be as good as voluntary ones.

R. M. McRobb.
Glebe Cottage,
Honeydon Road,
Colmworth, Bedford.

Fred Hoyle's Universe

From Mr. Martin Lewes

Sir,—While I have not read Sir Fred Hoyle's book, David Fishlock's view of it, September 12, makes it appear as full of black holes as his Universe. Nuclear power may be the only stop-gap available in the developed world, but other sources of energy must be found for development, and this can only be done by regarding nuclear power as a strictly short-term and temporary solution. We may otherwise find ourselves in a game that we cannot win.

Coal, oil and gas are running out, the development of those parts of the world not yet blessed with developed economies can *only make them run out faster*, and nuclear energy is the only alternative energy source "known to be technically viable." All true, but these statements do not make an equation that fits together and is capable of happy solution.

Working simply from the developing world: underdeveloped economies cannot afford nuclear energy, even if development costs are excluded and they are sold the finished article complete; the nations who have developed viable nuclear reactors are unlikely to let them have them anyway; and it takes a fairly highly developed economy to be able to *use the sort of* power that nuclear reactors produce. The effort of providing *nuclear energy* capabilities on some sort of aid basis, even if politically possible, would be an intolerable burden to the developed nations, faced as they are with the development costs and the expense of replacing fossil fuels in their own economies, where energy use is expanding exponentially. Extrapolated, these arguments present us with a world rather worse than our own already is: the developed world expanding fast on nuclear power, the underdeveloped falling back ever faster as fossil fuels run out. ". . . Most of the world's population would die in a disastrous catastrophe. . . ."

Faced with this, we must develop energy sources other than nuclear power, even if we do not intend to use them ourselves. The difficulty here is that R and D funds for this undertaking go, at present, into nuclear research and development, and if we allow ourselves to become locked into a "nuclear economy," resources will continue to go that way. It is not impossible that, if Rutherford's mistaken beliefs about the capacity of the lowly atom had been listened to, we might already have efficient solar power, and while we have nuclear power to tide us over the research period it is not too late to start now. The concentration of our efforts upon nuclear energy may keep the West happy: it is not a permanent answer and it cannot help us do more than keep on the breadline through the energy crisis.

Martin Lewes.
9, Richmond Close,
Butlers Road,
Handsworth Wood, Birmingham.

Hotel charges in Spain

From the Director, Spanish National Tourist Office

Sir,—Your article on the increase in Spanish hotel prices requires *some clarification* (Sept. 15):

It will not be the Ministry of Tourism which *will impose* British tour operators increased prices. The pressure will come from events, and the rules of supply and demand. The tour operators, as members of commercial organisations will inevitably *realise—just as their* colleagues on the Continent have realised—that the increases are necessary for good commercial reasons, for the maintenance of standards for their clients.

Whether the settlement when it comes is in the order of 35 per cent. staggered over 12 months remains to be seen. At the meeting held in Madrid in August, 20 per cent. (or 25 in some cases) was requested. But whatever the figure finally agreed, it will be imposed by the hotels to ensure that clients are given the standards of service and comfort *they are entitled* to expect.

The tour operators are dealing with a privately owned tourist *industry*. The function of the Ministry is to maintain standards. The nuts and bolts of any agreement will have to come from the financially involved parties.

Aurelio Sahagún Pool.
70 Jermyn Street, S.W.1.

Big Alice's service

From Mr. R. Crawford.

Sir,—Approaching the allotted span, I am painfully aware of the fallibility of human memory, but surely Big Allis (*sic*), (September 16, Page 17) for many years the only machine of a *million horsepower*, was built by Allis Chalmers long before the Siemens interest, and *recently* de-commissioned after a quarter of a century of service to Consolidated Edison.

R. E. Crawford.
70, Abingdon Villas, W.8.

To-day's Events

GENERAL

Provisional unemployment figures and unfilled vacancies in September.

Statement by Sir Harold Wilson following all-day meeting of the Wilson Committee on the Functioning of Financial Institutions, Guildhall, and launch of the Committee's first publication containing written and oral evidence of the Treasury and Department of Industry.

EEC Foreign Ministers meet in Brussels.

Publication of National Enterprise Board half-year accounts and possible statement by Mr. Leslie Murphy, NEB chairman, on the Leyland position.

Agricultural Wages Board meet on agricultural workers' pay claim, Ministry of Agriculture, Whitehall Place.

Report by Taylor Committee on Management and Government of Schools.

President Carter meets Congressional opponents of Concorde at the White House to discuss the aircraft's landing rights.

Opening of new session of Rhodesian Parliament.

Meeting of United Nations General Assembly, New York.

Mr. Fred Mulley, Secretary for Defence, leaves for five-day visit to Saudi Arabia at invitation of Prince Sultan, Saudi Defence and Aviation Minister.

Mr. Reg Freeson, Minister for Housing, visits Gateshead and Newcastle to chair first meeting of Gateshead Comprehensive Community Programme.

Mr. Fergus Montgomery, Conservative MP for Altrincham and Sale, on theft charges, Horseferry Road Magistrates Court, London.

Mr. Alan Williams, Minister of State for Industry, continues visit to Czechoslovakia.

Chinese military mission continues official visit to France.

United Nations Sugar Conference continues, Geneva.

Windscale public inquiry continues, Whitehaven.

British Veterinary Association conference continues, University College, Swansea.

Ruth Carter Stapleton (President Carter's sister) interviewed at Waldorf Hotel, Aldwych, London.

Sir Robin Gillett, Lord Mayor of London, presides at Court of Common Council, Guildhall.

OFFICIAL STATISTICS

Gross domestic product, provisional second quarter figures.

COMPANY RESULT

Bank of Scotland (half-year).

COMPANY MEETINGS

Airfix Industries, Royal Garden Hotel, W., 2.30. Allied Colloids, Bradford, 12. Amalgamated Distilled Products, Glasgow, 12. London and Gartmore Investment, 2, St. Mary Axe, E.C., 3.

SPORT

Soccer: Scotland v. Czechoslovakia. Cycling: Skol Six-day race, Wembley.

COMPANY NEWS + COMMENT

Better U.K. margins lift Utd. Biscuits

REFLECTING improved margins in the U.K., profits, before tax, of **United Biscuits (Holdings)**, which takes in the McVitie's, Macfarlane's, Meredith and Drew and KP brand names, rose from £15.02m. to £17.04m. in the 28 weeks ended July 16, 1977. And for the full year Mr. Hector Laing, chairman, is forecasting a *satisfactory increase* over the £33.25m. shown for 1976.

Referring to the 84 per cent. jump at the 1976 midway stage the chairman says that this was a particularly difficult target to beat. Nevertheless the profit rise now reported keeps pace with the combined effects of inflation in the U.K. and the U.S.

Margins in the U.K. improved while in the U.S., where volume rose by 4 per cent., margins declined from the exceptionally high levels of the first half of 1976, to a more normal but still acceptable level.

The chairman says that since the AGM in May the group has taken up its option to acquire the Wimpy franchise in Europe and the rest of the world excluding the U.S. He sees fast food as one of the group's most important future development areas.

Mr. Laing reports that trading in both the U.K. and the U.S. is less buoyant than he had anticipated when reporting in May. Subject to the maintenance of stable industrial relations in this country, the full year's profit should show a satisfactory increase over 1976.

First-half earnings per 25p share are shown to be ahead from 7.8p to 8.3p. The interim dividend is raised from 1.5554p to 1.75p net and the total is to be raised from 4.2428p to a maximum permitted 4.6662p.

Acquisitions since July 1976 contributed £7.25m. to U.K. sales and £618,000 to trading profits.

Statement Page 25

See Lex

HIGHLIGHTS

First half profits at **United Biscuits** are £2m. up with higher margins in the U.K., following price increases, offsetting some shortfall in the U.S. but the company does not seem so bullish about prospects in the second six months. **Tricentrol** has turned in sharply higher first-half profits but again the company is less optimistic about the current six months and little growth is expected. *Lex also takes a look at* the market following one of the sharpest falls on record, with sentiment being knocked by fears over profit trends. Elsewhere, **Expanded Metal** has been hit by the steel stockholding side and profits are some 20 per cent. lower. In contrast **Stanley Gibbons** has cashed in on the boom for collectors items while **Simon Engineering** has been bolstered by the strong cash position.

Expanded Metal off midway

REFLECTING A major adverse swing in the results of the steel stockholding subsidiary group pre-tax profits of **Expanded Metal** fell from £1.58m. to £1.24m. in the first half of 1977.

At the time of the rights issue in May the directors reported that order intake and turnover compared favourably with the same period of the previous year, despite reduced activity in the building industry. Pressure on margins, however, in some sections, particularly steel stockholding, had continued into 1977.

Sir Patrick Hamilton, chairman now reports that the group's basic business in expanded metal and related products has continued to make progress despite a generally unattractive economic background, and was able to absorb the considerable cost of new developments at home and overseas, as well as the cut-back in Local Authority demand for specialised building products.

It could not, however, additionally absorb the major adverse swing in the results of the steel stockholding subsidiary, which more than accounts for the reduction in group profit now reported.

Turnover of the group in the half year rose from £10.36m. to £12.32m. Providing for tax the net profit emerged at £596,000 against £757,000.

	First half 1977 £000	1976 £000
Turnover	12,326	10,364
Profit before tax	1,241	1,578
Tax	645	821
Net profit	596	757
Preference div	2	2
Available Ordinary	594	755
Dividends	330	210
Retained	264	545

An interim dividend up from 1.375p to 1.625p net is declared and a total of 3.675p is forecast on the capital increased by the rights issue, compared with 3.0139p—the increase is allowable in the context of the rights issue.

● comment

The steel stockholding subsidiary is to blame for the 21 per cent. profits fall at **Expanded Metal**. The industry has been in terrible straits and it looks as though the subsidiary actually suffered a loss. The basic expanded metal business has been steady but uninspiring, supported by good export sales. In the current year, EM is bearing the costs of setting up operations in America, Australia and Dubai. The fruits of this expansion will not be harvested until next year at the earliest. Meanwhile the most attractive new development, Explosafe (an anti-explosive safety process) has yet to find a big order to get it going. Despite the 7p fall yesterday to 66p, the shares still rely on at least something coming right in 1977. The prospective p/e (assuming full-year profits of around £2.7m.) is 8.8 while the yield is 8.6 per cent.

Progress for Cohen Electrical

FOR THE first half of 1977, Cohen Bros. (Electrical) has improved its profit by £20,500 to £241,500. Sales were £17,000 higher at £936,000.

After tax of £126,000 (£110,000) net profit was £115,500 (£111,000) for earnings of 2.8p (2.7p) per 10p share.

The interim dividend is lifted from 0.82868p to 1.0496p net, and incorporates the whole of the permitted increase for the year. There is also a supplementary 0.0188p following the reduction of ACT, to be added to the 1976 total of 2.05018p.

Cohen's activities cover column manufacturing, and street and interior lighting maintenance.

Ellis & Everard prospects

CURRENT experience makes Mr. Anthony J. Everard, chairman of **Ellis and Everard** discount excessive optimism when projecting the future of the group's building supplies division and the chemical division is finding an uneven pattern of demand in the various industries it serves, he says. However, there is no reason why the chemical division's progress of the last seven years should not be maintained, he adds.

As reported on August 26, turnover for the year to April 30, 1977, expanded £31.5m. to £37.2m. and taxable profits were unchanged at £1.06m.

Although the year started better in the building supplies division the long wet winter and the squeeze on consumer spending reduced demand with the result that some branches were unable to achieve sufficient volume through-put to meet costs which, although closely controlled, rose through inflation. In consequence, instead of improving upon last year's result, a small loss was made in the second half.

Stanley Gibbons upsurge

FIRST-HALF 1977 profit of **Stanley Gibbons International** jumped by 127.9 per cent. to £798,327 subject to tax of £455,079, compared with £189,231. Turnover was up 57 per cent. at £5.92m.

On increased capital, stated earnings per 25p share are 6.07p before the costs of the rights issue (2.62p) and the net interim dividend is raised from 1.3p to 1.5p, costing £91,981. For all 1976 dividends totalled 2.74p.

Mr. A. L. Michael, chairman, says in his interim statement that trading continues at a high level and as some valuable collections have been secured during recent months, the directors are confident that the second half will be at least as profitable, *giving an* overall result of better profits for the full year as against £1.31m. in 1976.

All sections of business increased turnover for the first half. The stamp issues in connection with the Silver Jubilee have contributed a share of profits in this period.

While the stamp market accounts for a large proportion of profits, other collecting activities are in a very healthy position, and current results "show that we are gaining an increasing share of this large and expanding market," the chairman adds.

● comment

Soaring world demand for collectors items as a hedge against inflation lifted **Stanley Gibbons** *pre-tax profit by 128 per cent. with stamp sales accounting for more than half of a 57 per cent. increase in turnover: stamp prices have increased by 30 per cent. in the last 12 months.* The group is sole U.S. agent for Jubilee stamps which generated between 10 and 15 per cent. of pre-tax profit. Meanwhile Australia and Europe remain the major growth areas, with increased demand for Australian Commonwealth and Pacific issues lifting Australian turnover to £½m. compared with £¼m. for the whole of last year. Demand for other collectors items remains strong. Turnover on maps has doubled and cash sales of bank notes and coins are 50 per cent. up. The stationery side remains depressed and is thought to have made a further loss but as this reflects less than 10 per cent. of overall turnover the effect is marginal. Sales of catalogues traditionally inflates second half earnings and pre-tax profits for the year should be at least £1.7m. The forecast yield is 3.8 per cent. with a prospective p/e of 7.4 on average capital.

Leonard Burt

Mr. A. L. Michael, chairman of Stanley Gibbons International.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Chambers & Fargus		0.25	—	nil	0.25	nil
Cohen (Electrical)	int.	1.05§	Nov. 17	0.83	—	2.05
Expanded Metal	int.	1.63†	Nov. 11	1.38	—	3.01
W. J. Reynolds	int.	0.25	Oct. 31	—	—	0.55
Garton Eng.	int.	2.7**	Nov. 30	2.46	—	5.1
Stanley Gibbons	int.	1.5	—	1.3	—	2.74
Harmony Gold		25††	Nov. 1	30	50	65
Leadenhall-Sterling	int.	1.66	Jan. 3	1.49	**	3.66
T. Marshall (Loxley)	int.	1.1	Nov. 1	1.0	—	2.23
Simon Eng.	int.	2.7¶	Dec. 30	2.4	—	6.95
Tricentrol	int.	0.66	—	0.33	—	0.81
Utd. Biscuits	int.	1.75	Jan. 6	1.56	4.67	4.24
Whittington Eng.	int.	1.65‡	Nov. 25	1.63	—	3.98

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Additional 0.0855p. §Additional 0.0188p. ¶Addtional 0.0701p. ||Additional 0.0406p. **Total 4.0856p forecast. ††South African cents throughout.

Leadenhall Sterling midway advance

Turnover of **Leadenhall-Sterling Investments** advanced from £2.43m. to £3.07m. for the first six months of 1977 and profit rose from £218,000 to £293,000 subject to tax of £128,000, compared with £80,000.

Stated earnings per 25p share are 8.1p (6.8p) and the interim dividend is up from 1.485p to 1.66p net. The total for 1976 was 3.658p, paid from profits of £0.51m.

In the absence of unforeseen circumstances, results for the second half should show an improvement on the first, say the directors. The maximum dividend payable for 1977 is 4.0856p and at this time the directors see no reason why they should not be able to recommend the balance of 2.4256p.

They feel that the company's name does not adequately reflect its role as an industrial holding company and it is proposed that it be changed to Leadenhall Sterling Ltd.

On August 23 the company acquired 70.4 per cent. of Newbold and Bulford. Since then a further 10.6 per cent. of the capital has been acquired on similar terms for £12,000 cash.

Mr. G. A. Adkin has been appointed a director in place of Mr. J. A. Thomson who has retired from the Board in order to reduce his commitments.

Trust & Agency hold up

An attempt by Trust and Agency Company of Australia, formerly part of the Lowson stable, to change its status for tax purposes, was *yesterday postponed* because of opposition by Preference shareholders who claimed that they were not getting an adequate share of the proceeds.

The company's EGM, called to approve the exchange of its shares (on a one-for-one basis) with those of a new company, Tragen Investment Trust, was adjourned indefinitely once it became obvious from a count of the proxy vote that a sufficient majority in favour would not be forthcoming from the Preference holders.

The scheme proposed by the company would have paved the way for a *reduction in the tax* rate on the proceeds of its investment from 52 per cent. to 30 per cent., preparatory to its achieving full authorised investment trust status and a tax rate of only 17 per cent.

However, while the institutions (including Commercial Union, with just over 32 per cent. of the shares) were strongly in favour of this proposed scheme of arrangement, some Preference holders have been trying to get more for their agreement (an essential prerequisite) than the proposed increase from 2.8 per cent. to 3.1 per cent. in the coupon on their shares.

Trust and Agency's directors are now considering new proposals to put before shareholders.

More scope for Maltese Cross

The **Maltese Cross Insurance Company**, the wholly owned U.K. subsidiary of the Hong Kong based **Lombard Insurance Company**, has been granted authorisation by the Department of Trade to conduct liability insurance business, motor vehicle insurance business, pecuniary loss, personal accident, and property insurance business in Great Britain.

The company is already authorised to transact marine, aviation and transport business so the new authorisation means that it will be able to write all classes of insurance except long-term business.

Maltese Cross Insurance was established in 1951 and was acquired by Lombard in 1966. Its paid-up capital has been increased by £1.5m. to £1.65m. and it is intended at a later date to bring it up to £2m. The company will *become the principal operating* company of the Lombard Group in Great Britain and Europe and will change its name on January 1 next to Lombard Insurance Company (U.K.). The business currently written in Europe by Lombard will be progressively transferred to Maltese Cross.

Lombard Insurance is itself a wholly owned subsidiary of Jardine Matheson and Co. of Hong Kong. It has a net premium income of $HK90m. (£12m.) of which 10 per cent. originates in Europe. Jardines' U.K. subsidiary Matheson and Co. acts as London agents of the London Insurance Company and as general managers of the Maltese Cross.

Manordale looking to widen interests

Mr. Geoffrey Baker, chairman of suppliers to the building industry **Manordale Group** says in his annual statement that he is confident that the basis being laid currently will enable a strong and profitable group to emerge when the crisis in the building industry is over.

The group in 1976 performed well above average for the sector of industry in which it is involved and pre-tax profits, as already reported, improved from £8,114 to £46,901. However, the chairman states that margins are still under fierce pressure and currently the directors are exploring the possibility of entering the home improvements area in an attempt to increase profitability. The group's own-brand range of taps and shower cubicles continues to develop well and it is intended to introduce more products to this range in the near future.

Meeting, Leeds, on October 7 at noon.

مكاتبة الأصل

ISSUE NEWS AND COMMENT

Southwark Borough raising £20m.

Application list opens next Thursday morning for the issue by The London Borough of Southwark of £20m. of 11½ per cent. Redeemable Stock 1984-85 at £99½ per cent.

The stock is payable as to £10 per cent. on application with further calls of £40 per cent. on October 31 and of £49½ per cent. on December 9.

Applications must be for a minimum of £100 of stock or in multiples of £100 up to £1,000. Larger applications must be within the following scale: £1,000 to £5,000 in multiples of £500; £5,000 to £20,000 in multiples of £1,000 and above £20,000 in multiples of £5,000.

Interest will be payable half-yearly on April 6 and October 6 with the first payment of £4.3619 per cent. (less tax) due next April. The stock will be redeemed at par on October 6, 1984.

● comment

*Southwark is out of luck with the timing of this issue. Over the past couple of weeks the corporation loan market has performed relatively well with the yield differential against gilts narrow*ing. But after yesterday's ... in the market, with ... gilts falling over a point, ... is looking on the expensive ... The redemption yield is 11 ... cent. compared with a ... around 11.6 per cent. from dated corporation stocks ... market. Of course ... hinges on the state of the ... by Wednesday evening ... present levels the ... may have to take up ...

Prospectus Page ...

TREASURY STOCK

The prospectus is ... to-day in connection with ... per cent. Treasury Stock ... issued at £98.25 per cent. Interest on the £800m. is payable half-yearly on ... 5, and July 5 with the ... ment of £2.58 per cent. ... January. The stock will ... paid at par on July 5, 19... The list of applications ... on Thursday. Applications up to £2,000 of stock ... and £50,000 in multiples ... and for more than ... multiples of £1,000.

Prospectus Page ...

Property Growth Assurance

The annual report and accounts of Property Growth Assurance Company, a member of the Phoenix Assurance Group, show that the Agricultural Fund increased in value over the year by nearly 50 per cent., rising from £6.4m. to £9.6m. During the year three farms were purchased and three small ones sold. At the end of the year the value of agricultural land stood at £6.6m., while deposits amounted to £2.2m.

On the Property Growth Fund its value fell during the year to £26.1m. from £31m. Rental income amounted to £859,000, but the value of properties declined by £1.4m. There was a net disinvestment by investors with 4.45m. units being cancelled.

The Gilt-Edged Fund was launched ... in 1976, the ... raised to ... per cent. ... value at the ... being £5.4m. It has ... on the longer dated coupon stocks ... The Money Fund ... slightly from ... But during the year ... of the fund rose to £6.7m. ... peaked and investors ... into the fund. Later ... declined as investors ... into the property fund ... value of the Equity Fund ... a decline during the year ... £5.0m. to £4.7m.

Expansion policy for Robert Douglas

RESOURCES of Robert Douglas Holdings have further ...d and are available to ... expansion at home and ... Sir Robert Douglas, chairman, ...s in his annual statement. ...ear's trading results are ...eflection of the continuing ...ment of the group's ... and ability to withstand ...n of the adverse trading ...s experienced in recent ...

... directors will continue ...licy of diversification and ...forcing growth in those ...hich show greatest poten... ...couraged by the results ...chieved overseas in the ...year, they will continue ...sify efforts in this direc... ...o facilitate the establish... ...d extension of overseas ... further companies are ...ss of formation in the ... Arab Emirates and the ... Islands.

...hairman says he is con... ...at the company's diversi... ...rests in the construction ...n be relied upon to ...d changing economic and ... demands and to main... ...r successful growth. ... the future, a relief from ...estraint in capital invest... ... necessary to reap the ...f full utilisation of the ... of the group, but the ... workload ahead for the ...nstruction activities is ...le when considered ...prevailing economic cir... ...es.

...ons affecting certain of ...p's activities are looking ...ouraging although there ...erce competition for the ... available. ...oup is in good heart and the directors look forward with confidence to its ability to maintain progress.

Sir Robert is retiring as chairman on December 31 but will remain as a director. He will be succeeded by his son, Mr. J. R. Douglas and Mr. C. Marjoram will become vice-chairman.

As known, taxable profit for the year ended March 31, 1977, rose from £2.67m. to £3.2m., and turnover was £70.65m. (£75.24m.). During the year £2.35m. was invested in the U.K. in new plant and buildings.

A one-for-four scrip is being proposed at the annual meeting in Birmingham on October 13.

At year-end bank and cash balances increased by £0.54m. (£0.19m.), short-term deposits advanced by £3.08m. (£3.9m.) and bank loans and overdrafts were £0.47m. lower (£0.76m.).

Meeting, Birmingham, on October 13, at noon.

Statement Page 24

Whittington Engineering half year

Despite higher costs, profit before tax of Whittington Engineering Company for the first half of 1977 has been maintained at £89,105, against £86,534.

Turnover rose from £471,141 to £566,684, and business continued to be brisk. After tax £46,334 (£44,998) net profit came out at £42,771 (£41,536).

The interim dividend is stepped up from 1.625p to 1.65p per 25p share. Total for 1976 was 3.9325p, to which is now added 0.0355p following the reduction of ACT.

Marshall Loxley decline

A drop in pre-tax profit from £430,000 to £409,000 is disclosed by Thomas Marshall and Co. (Loxley) for the first half of 1977.

The directors report that this disappointing result comes mainly from lower productivity arising from a greater than expected waste level during the manufacture of carbon products. This is receiving urgent managemnt attention but the adverse effect will extend into the second half.

While profits from other products of the group are in line with forecasts, the stability of the £ and continuing domestic inflation will make it difficult to maintain the level of exports, they add.

First half earnings per 25p share are 3.46p (3.63p) and the net interim dividend is up from 1p to 1.1p. The previous year's total was 2.227p and profits £0.96m.

The company makes fireclay refractories.

	First half 1977 £000	1976 £000
Sales	7,444	6,130
Depreciation	143	123
Interest	118	93
Pre-tax profit	409	430
Taxation	212	224

L & G in unit-linked field

BY ERIC SHORT

The Legal and General Assurance Society, the largest pensions company and the second largest life company in the U.K., is entering the unit-linked life field next month. The intention is to form a subsidiary which would handle the entire unit-linked business and L and G has been actively recruiting experienced staff.

A spokesman for L and G stated yesterday that it had been looking at the unit-linked market for some time and had decided that there was a growing consumer need for linked contracts and so had decided to enter the market.

He was not prepared to give details of the marketing arrangements ahead of the official launch next month. He did indicate that the new company would be offering a complete range of individual unit-linked contracts but was not prepared to elaborate further.

At the half-yearly stage, the 1977 new business figures of L and G for individual life assurance contracts in the U.K. were down on 1976, while overall unit-linked sales over the same period were buoyant. But L and G claims that the decision to enter the unit-linked field was not affected by those results.

The unit-linked field has been dominated by companies such as Abbey Life and Hambro Life which entered it directly. The traditional life companies have only recently entered in a big way—Prudential having considerable success with its subsidiary, Vanbrugh Life.

Chambers & Fargus stays in profit

Following the swing back into profitability in the first half of 1976-77 Chambers and Fargus, the Hull-based seed crushing and edible oil refining concern, has, contrary to expectations, stayed in the black in the second half, producing pre-tax profits of £38,386 for the 53 weeks ended July 2, 1977.

Turnover jumped to £12.33m., compared with £7.1m. for the previous year from which a loss of £17,522 was incurred. Dividends are resumed, after a year's absence, with a payment of 0.245p net.

Reporting at the half-way stage the directors explained that the result was achieved by improved performance of the oilseed crushing and oil refining sections and despite a continuing unsatisfactory result of the soya protein business in an extremely competitive international market. The directors felt that trading conditions would continue to be difficult in the short term with even higher-cost raw materials, and they foresaw a small loss by the end-year.

Earnings per 5p share are stated at 1.97p against a loss of 0.49p.

First half progress at Garton

MAKING strong headway in the first half of 1977, Garton Engineering achieved an improvement in taxable profits from £342,000 to £502,000 on turnover ahead from £4.25m. to £5.91m. Profit is struck after loan stock interest of £28,000.

The net interim dividend per 10p share is lifted from 2.4629p to 2.7p and there is to be a third interim payment of 0.0406p, in respect of 1976 to adjust for the reduction in ACT. The directors intend to pay a final dividend of 3p compared with 2.64p, which came out of last year's profits of £821,336.

Tax for the half year took £261,000 against £178,000 leaving the net balance up from £165,000 to £241,000.

TAILORS LIQUIDATE

Another tailoring company has gone into voluntary liquidation, with the loss of about 60 jobs. It is Marston Brothers, based in Newcastle under Lyme, Staffs., and founded in 1916, having four shops in the Potteries and branches in Stafford, Wolverhampton, Dudley, Chester and Southport.

All the branch shops have been closed on the instructions of the liquidator, but the main shop in Newcastle under Lyme will be holding a £100,000 sale of remaining stock.

More than £10.6m. seen by Simon Engineering

An advance in pre-tax profit from £3.82m. to £5.44m. is announced by Simon Engineering for the first half of 1977 and the directors expect an improvement over last year's record £10.6m.

The first six months show an increase in value of orders received in all operating groups and the balance sheet and cash position remain strong. The group is well placed to take full advantage of improved demand, and has confidence in the future, state the directors.

The net interim dividend per 25p share is stepped up from 2.4p to 2.7p—in addition 0.0701p is payable in respect of 1976 as a result of the reduction in ACT. For all 1976 dividend total was 6.9523p.

	First half 1977 £000	1976 £000
Trading profit	4,304	3,449
Share assoc.	251	329
Interest	[illegible]	45
Profit before tax	**5,036**	**3,824**
Group tax	2,479	1,606
Assoc. tax	176	172
Net profit	2,530	2,052
Minority int.	146	[illegible]
Attributable	2,385	1,841
Pref. div.	9	19
Ordinary divs.	531	400

After charging depreciation of £1,077,000 (£667,000).

● comment

A third of Simon Engineering's pre-tax profit uplift reflects its strong cash position but there has also been a useful 27 per cent. improvement at the trading level. All this growth seems to have been organic with fairly similar improvements from each division—good news given the weakness of several of the markets. Margins have been maintained so far, although they are now coming under strain on the process plant side where international competitors are beginning to cut prices. Any shortfall here in the second half, however, should be offset by contributions from the new areas such as the Rotaseal machinery, Ashbrook-Simon-Hartley in the U.S. and the Saudi Arabian oil servicing associates, each of which have been held back so far by starting-up costs. So profits of £13m. for the full year seem possible which would produce earnings of nearly 20p per share despite the conservative stance on deferred tax. At this level the maximum dividend would be covered four times and would yield 5.2 per cent. on a share price of 229p.

Statement Page 22

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Bank of Scotland, Redfearn International Hestair, Kleinwort Benson Lonsdale, Law Land, Liberty, Bernard Matthews, John Menzies, Pittard Group, Silverthorne, G. W. Sparrow, Watkin.

Finals—Dolan Packaging, Elder Smith Goldsbrough Mort, Ricardo (Engineers), George H. Scholes.

FUTURE DATES

Interims—	
Bilton (Percy)	Sept 26
Cakebread Robey	Sept 30
Energy Services and Electronics	Sept. 26
F P A Construction	Sept 29
Hurst (Charles)	Sept 29
North British Canadian Invest.	Sept. 30
Oxley Printing	Sept 27
Peninsular and Oriental Steam Navigation	Oct 5
Pickles (William)	Sept 22
600 Group	Nov. 24
Tozeral	Sept 25
United Newspapers	Sept 22
Waterford Glass	Oct. 4
Wilmot Breeden	Oct. 12
Finals—	
EMI	Oct 6
Glanfield Securities	Sept 22
Martin (R. P.)	Sept 22
Owen Owen	Sept 29
Parker Knoll	Sept 26
Ramar Textiles	Oct 7
Scottish Metropolitan Property	Oct 11
Throgmorton Secured Growth Tst	Sept 21

Recovery for W. J. Reynolds

Ford main dealers W. J. Reynolds Holdings reports a recovery from £61,600 to £171,000 in group pre-tax profits in the first half of the current year. At this level the profit comes within £19,138 of the record achieved for all of 1973.

Mr. R. W. Marsh, chairman, says that while all departments of the group performed satisfactorily, the main reason for the considerable increase lies in car sales. Despite Ford's production problems the group has sold more new cars than last year at higher unit gross profits.

During the period the truck division also improved its contribution. This was due to an increase in sales and the growth in the service and body repair business. Over the past four years the group has invested heavily in this division. The economic recession and the trough in the truck replacement cycle have meant that the group has only now started to benefit from this expenditure, says the chairman.

Given an adequate supply of vehicles the chairman looks forward to the full year's results with confidence.

First-half attributable profits emerge at £79,475 against £26,945 and earnings per 5p share are stated at 2.05p compared with 0.69p.

A maiden interim dividend of 0.25p is declared—the total will represent the maximum amount permitted. The single payment for 1976 was 0.55125p.

	First half 1977 £	1976 £
Turnover	10,167,000	6,556,700
Profit before interest	284,500	154,820
Interest payable	113,500	93,220
Profit before taxation	**171,000**	**61,600**
Taxation	[illegible]	[illegible]
Net profit	82,100	29,570
Preference dividend	2,625	2,625
Attributable ordinary	79,475	26,945
Interim	9,700	—
Retained	69,775	26,945

The chairman points out that tax on past profits amounting to £218,000 has been deferred due to stock relief under the Finance Acts. Unless stocks are reduced from their present level this tax is unlikely ever to be paid.

As well, there are tax losses largely arising from unutilised stock relief. These together with ACT on past dividends mean that there may be no tax payable on this year's profits other than that in respect of the year's dividends. Consequently earnings per share would be considerably understated.

Consideration will be given at the year end as to whether deferred tax should be treated as a liability or as a revenue reserve.

MAURICE JAMES GOES ON BUYING

Maurice James Industries, whose take-over bid for George Doland is opposed by Mr. Oliver Jessel but is approved by the remainder of the Doland Board, has continued to buy in the market at the bid price of 25p a share. The current Maurice James stake is 1,369,646 shares, which is equivalent to almost 32 per cent. of the Doland equity.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 6 per cent. (since September 16, 1977)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying a moderate amount of Treasury bills from the houses, and lending to two or three discount houses at Bank of England Minimum Lending Rate of 6 per cent., and buying a moderate number of Treasury bills from the houses. ... influencing the market pointed towards an adequate supply of credit and it is possible that banks will carry forward surplus balances.

The market was helped by maturing Treasury bills and further funds coming into London through the foreign exchange market, but bank balances were run down from Friday, and revenue payments to the Exchequer exceeded Government disbursements. Another adverse factor was the call on Treasury 9½ per cent. 1983.

Discount houses paid 5¾-5⅞ per cent. for secured call loans at the start, and closing balances were taken at 5-5¼ per cent.

In the interbank market overnight loans opened at 5⅞-5¾ per cent., and eased to 5-5¼ per cent., before rising to 5¼-5⅜ per cent. and closing at 5-5¼ per cent.

Short-term fixed period interest rates were slightly easier in places, but longer term rates were firmer, creating a much sharper rise in the yield curve between the various periods.

Rates in the table below are nominal in some cases.

	Sterling Certificate of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
	—	5-5⅞	—	—	—	6¼	5-5⅞	—	—	—
	—	—	5⅝-5¾	—	—	—	—	—	—	—
	—	5⅛-5¾	5⅝-5⅞	—	6-6¼	6¼	5½-5⅞	—	—	—
	5¾-5⅝	5⅝-5⅞	5¾-5⅞	6⅝-6¼	6-6¼	6¼	[illegible]	[illegible]	[illegible]	6½
	5¾-5⅝	5½-5⅞	—	6½-6½	6-6¼	—	5⅝	[illegible]	[illegible]	6½
	[illegible]	[illegible]	5⅞	6⅛-6	6-6¼	—	5⅝	[illegible]	[illegible]	6½
	6⅛-6⅝	6⅛-6¼	6-6¼	6¼-6	6⅜-6½	—	—	—	5¾-6⅛	6¾
	6⅛-6⅞	6⅛-6½	—	6¾-6¼	[illegible]	—	—	—	—	—
	6½-6⅞	6⅝-6⅝	6½-6¾	6⅞-6½	6¾-7	—	—	—	—	—
	—	—	7⅝-7⅞	—	—	—	—	—	—	—

...uthorities and finance houses seven days notice, others seven days fixed. * Longer-term local authority mortgage ...ally three years 9-9½ per cent.; four years 10⅛-10¼ per cent.; five years 10½-10¾ per cent. ♦ Bank bill rates in ...uying rates for prime paper. Buying rates for four-month bank bills 5¾-5⅞ per cent.; four-month trade bills ...

...mate selling rate for one-month Treasury bills 5⅞ per cent.; two-month 5⅞ per cent.; and three-month 5⅞ per cent. Approximate selling rate for one-month bank bills 5⅞-5¾ per cent.; two-month 5⅞-5⅞ per cent.; and three-... per cent.; one-month trade bills 6¼ per cent.; two-month 6¼ per cent.; and also three-month 6½ per cent. ... House Base Rate (published by the Finance Houses Association) 7½ per cent. from September 1, 1977. Clearing ...sit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Base Rates for lending 7 per cent. ...ills: Average tender rates of discount 3.4818 per cent.

Tricentrol surges to £2.5m. half time

FIRST HALF profits of Tricentrol at £2.46m., are more than double those of the first three months, and within a whisker of the record £2.47m. achieved in 1976. They compare with £895,000 for the first six months of last year.

For the second half of the current year the directors do not expect profits to greatly exceed the £1.58m. recorded for the same 1976 period.

In the North American exploration and production division profits in the half year jumped from £754,000 to £1.51m., while in the U.K. commercial division the contribution from cars and trucks went up from £273,000 to £778,000.

In North America gas and oil sales for the quarter reflect increases in crude oil and natural gas prices, the directors state. Profits include the full effect of "small producer" status, and the increase in the nationwide gas price which remains under appeal by consumer groups.

In the event of the appeal succeeding, the estimated maximum consequential reduction in profits before taxation for the six months would be £261,000.

In Canada the most active exploration programme for oil and gas reserves to date saw the acquisition of attractive acreage in the face of extreme competition. This acreage will form the basis for drilling later this year and in 1978.

In the U.S., due to recent marketing restrictions, most producers have unexpected surplus gas supplies this summer and reduced levels of production are anticipated during this period of low demand.

In the U.K. the Thistle Field development programme is on schedule and production of first oil is expected before the end of 1977, members are told. "Thistle Venture," *the first oil tanker converted for loading from the SALM offshore loading buoy is expected to be delivered early October* and a second is under conversion.

No further drilling has taken place on Block 211/18 since the completion of Well No. 16 and the information from this and earlier wells, together with the results of further seismic work, is now being evaluated before any decision is taken regarding future activity.

Turning to other areas, the directors report that following the field survey carried out in 1976, discussions on the future Afghan Government policy are continuing with the Afghan National Petroleum Company.

Investment opportunities in exploration prospects outside the U.K. are being investigated and promising areas in Europe, South America, Australia and elsewhere are under examination.

In Europe the commercial *division continues to show a very* welcome trend of profit improvement, the directors state. The automotive interests have been moving forward very strongly.

Although the construction industry in the U.K. and on the Continent is still very depressed, the distribution businesses in this sector are showing promising signs of recovery.

Results from the Canadian builders merchants continue to show improvement against the previous year.

In Australia steps taken have helped to contain trading losses during the wind-down phase.

	First half 1977 £000	1976 £000
North American profit	1,507	754
Commercial Division		
U.K.:		
Cars	512	196
Trucks	266	77
Builders merchants	64	*58
Hardware and garden supplies	263	350
Travel	52	45
The Netherlands:		
Builders merchants	111	*3
Australia:		
Manufacturing	*1	6
Canada:		
Builders merchants loss	41	133
South-East Asia:		
Paper products loss	4	16
Making	2,729	1,250
Research expenditure	24	—
Central cost	231	172
Interest net†	110	124
Operating profit	2,584	974
Except. debits	122	79
Pre tax profit	2,462	895
Tax	820	160
Net profit	1,642	735
Attributable	1,609	702

* Loss. † Credit (Debit).

The Malaysian trading company has now ceased business and further provision has been made for anticipated losses on liquidation.

The interim dividend is doubled to 0.66p—the total for 1976 was 0.8125p.

● comment

Among those waiting for North Sea profits to flow, Tricentrol is widely, and in some cases almost inexplicably, diversified (paper products in Malaysia, spray guns in Australia). But the interim figures show some solid gains in *the U.K. car and truck dealerships,* these now producing around 30 per cent. of operating profit. The bulk of profits however continue to come from the U.S. gas operations and though a pre-tax level of £2.46m. is well on the way to market anticipations of £5m. for the whole year, the caution sounded by the company for the second half mainly revolves around the U.S., so the shares followed the trend to fall 6p yesterday to 188p. The outlook still *rests firmly on* Thistle Field, late but not as late as some fields in nearing production. Providing this starts by the end of the year, repayment of Government loans *is still scheduled at end-1979* and the remaining worth to Tricentrol is around £40m., half the group's present capitalisation.

W. E. Norton good start

Shareholders in W. E. Norton (Holdings) were told by Mr. W. E. Norton, the chairman, at yesterday's annual meeting that since the beginning of the current year its business had continued to prosper. To date the value of orders taken as well as of machines delivered and invoiced to customers exceeded the achievements at the equivalent stage last year.

He was confident that the interim results to be announced in December would show further *improvement* compared with the equivalent period last year.

Mr. Norton said he remained optimistic about the general potential for the company's type of machine tool distribution and the directors were continually exploring new ways of realising this potential.

Dixon stake to be cancelled

TERMS OF the arrangement between Bank Bridge Group and David Dixon, which was first announced in June and involves settlement of the Bank Bridge debt of £710,025, will result in a reduction of the number of Dixon shares in issue. Shareholders in Dixon are told that Bank Bridge is to cancel its 28 per cent. holding, amounting to 592,634 Ordinary 25p shares, rather than sell them in the market and pass the proceeds back to Dixon.

The effect will be to increase the value of the consolidated net tangible assets per Dixon share from 67p to 103p and to lift earnings after tax, but before extraordinary items, from 2.3p to 3.6p a share. The move will also *boost the proportion of the outstanding equity* held by Mr. Malcolm Horsman from just over 16 per cent. to 23 per cent. A 15 per cent. Banque Belge stake will increase from 15 per cent. to 21.2 per cent.

The terms of the settlement also include the payment to David Dixon of £125,000 in cash and the issue of 2m. Ordinary fully paid shares in Bank Bridge.

It is also proposed that, in consideration of the 6 per cent. (now 4.2 per cent.) *Preference* shareholders in David Dixon sanctioning any variation of the rights attached to their shares *inherent* in the proposed terms of settlement "the rate of dividend payable on their shares should be increased from 4.2 per cent. to 7 per cent. (In both cases exclusive of the associated tax credit)."

The David Dixon share price ended yesterday virtually unchanged at 45p but the Preference shares closed 15p higher at 55p.

The debt arose out of the purchase by David Dixon in August, 1973, of the capitals of Minard Knitting and Scholarsville from Muring, a subsidiary of Bank Bridge. The acquisition was satisfied by the issue of 600,000 Dixon shares and £730,000 cash and some additional debts of £220,000 were also settled. The terms of that acquisition included a formula by which Dixon would be reimbursed in the event of any shortfall in projected profits of the two companies. On this basis Bank Bridge incurred the debt of £710,025.

Shareholders will be asked to *vote on the latest proposals at* extraordinary meetings to be held on October 10.

Shareholders in Dixon are told by Mr. R. A. Palfreyman, the chairman, in the latest annual report and accounts which accompanies the settlement document, that group trading results to date in the current year show a marked improvement and that this trend is expected to continue. He says that group liquidity has been helped considerably by the £125,000 payment from Bank Bridge.

The woollen cloth subsidiary has full order books and production is again *"at a respectable level."* During the first four months of the current year, the trading profit in each month has exceeded that for the whole of last year. It is expected that *this division* will make a substantial contribution to group profits.

Improving trend for Jas. Wilkes

Plans for a return to better profitability at James Wilkes are beginning to show results, reports Mr. W. J. Wilkes, chairman, in his interim statement.

However the market place is still extremely competitive and growth sluggish, he adds.

It may prove difficult in the second half due to the intervention of holidays to maintain the same rate of improvement as the first half "but the underlying trend is in the right direction."

Due to careful restraint the group's financial position remains sound and resources are adequate *for the foreseeable future,* it is stated.

As known, first half 1977 pretax profit rose from £0.13m. to £0.23m. and the net interim dividend is being held at 1.385p per 25p share.

The previous year's profits amounted to £0.23m. and dividends 3.452p.

"We will continue our policy of diversification and growth, especially overseas, where results achieved so far are encouraging."

— *Sir Robert Douglas, O.B.E.*

Chairman of Robert M. Douglas Holdings Ltd.

10,000 Homes Project, Merryland Site, Heliopolis, Cairo on which the Lift Slab system of construction is being employed
The central cores of 9 multi-storey blocks of residential accommodation ranging from 22 to 25 storeys are also being slipformed by British Lift Slab Limited
Main Contractor: The Arab Contractors, Osman Ahmed Osman & Company

M42 Birmingham - Nottingham Motorway (Solihull Section) for Midland Road Construction Unit, Department of Transport Interchange with the A45 Birmingham Coventry Road
Main Contractor: R. M. Douglas Construction Limited
Surfacing by: R. M. Douglas Asphalt & Paving Limited

Prince Charles Hospital, Merthyr Tydfil for Welsh Health Technical Services Organisation
Architect: Percy Thomas Partnership
Main Contractor: R. M. Douglas Construction Limited

The Annual General Meeting will be held on 13th October 1977 in Birmingham. The following are highlights from the results for the year ended 31st March 1977.

Despite very difficult trading conditions, I am glad to report a satisfactory year's results with a 20% advance in our trading surplus to £3,119,325. Turnover fell by 6% to £70,648,000 but the pre-tax profit was up by 19.6% at £3,200,793. During the year £2.38 million was invested in the United Kingdom in new plant and buildings financed from internally generated funds.

The final dividend of 2.8735p per share net, together with the interim dividend of 1.005p net already paid, makes a total of 3.874p per share – the maximum permitted. This dividend would have absorbed £313,542 but notices of a waiver have been received from certain shareholders amounting to £44,668. A capitalization issue of one new share for every four shares held will be proposed at the Annual Meeting.

The Construction Division suffered the anticipated reduction in turnover but achieved a substantial increase in trading profit. The ten mile stretch of the M42 motorway was completed ahead of time and a large variety of contracts are currently in progress. The reputation enjoyed by this Division has ensured a satisfactory level of enquiries and our United Kingdom order book is at a similar level to last year.

The inevitable consequence of the long period of restraint in capital investment and continued inflation have had their impact in a number of our trading companies. Our inability to increase prices to a level commensurate with increased costs has influenced profit margins but our trading results are a clear reflection of the continuing improvement of the Group's strength.

Our liquid resources have further increased and are available to support both expansion at home and our activities overseas.

Encouraged by our results overseas, we are intensifying our efforts in this direction and are forming companies in the United Arab Emirates and the Channel Islands.

Our diversified interests in the construction field, which remain among our major strengths, have in recent years served us well in cushioning the impact of the depressed state of the economy on the industry and have again made substantial progress.

I feel confident that our various companies can be relied upon to withstand the changing economic and technical demands and to maintain their successful growth.

PROGRESS OF THE GROUP DURING THE PAST FIVE YEARS

	1973	1974	1975	1976	1977
	£,000	£,000	£,000	£,000	£,000
Group turnover	31,520	45,783	65,436	75,240	70,648
Profit before taxation	1,870	2,357	2,657	2,674	3,201
Profit after taxation	1,175	1,108	1,212	1,647	1,726
Profit retained	1,115	895	891	1,571	1,425
Depreciation	719	806	955	1,180	1,388
Capital employed	6,767	8,089	10,228	11,775	13,260
Asset value per share	106p	101p	127p	145p	164p

Note: The figures for 1976 and 1977 reflect the change in accounting policy relating to deferred taxation.

DOUGLAS

Copies of the Report and Accounts may be obtained from the Secretary.
Robert M. Douglas Holdings Limited, Birmingham B23 7RZ

Blyvooruitzicht Gold Mining Company, Limited

(Incorporated in the Republic of South Africa)

The following is from the Statement by the Chairman, Mr. A. C. Petersen:

The report of the directors, to which the attention of members is directed, describes the results of operations at the company's mine for the financial year ended 30th June, 1977.

The main factors affecting the results of the company for the year ended 30th June, 1977, were the erratic and initially low supply of labour and the equally erratic and generally low price of gold. The summary of results shows the considerable drop in tons milled and therefore gold produced between the year ended 30th June, 1976, and the year just completed, due to the labour shortage. The price received by the mine for its gold averaged R3 502 per kilogram (approximately U.S.$125 per oz.) and this, coupled with the lower production, reduced the working revenue from gold to R76 935 000 from the previous year's R88 572 000.

Working costs per ton milled continued to rise and were 30 per cent higher than in 1976. This high percentage increase in unit costs was due not only to the increases in wages, stores and other items, particularly electricity, but also to the low tonnage milled.

Fortunately the labour position has become more stable and it is unlikely that the severe shortages and changes in the type of labour applying for work on the mines will be repeated in the coming year.

Uranium made a small contribution to total profit. State's share of profits and taxation were considerably lower than in the previous year due to the lower profit and higher capital expenditure.

The net profit, at R25 812 000, was R2 373 000 lower than in 1976.

Capital expenditure was approximately R2 million less than I forecast in my statement at the beginning of the year. The wide fluctuations in the price received for gold during the past year when for one month the mines received only an average price of R2 881 per kilogram (U.S.$103 per oz.) had a most unsettling effect on the industry as a whole and caused the postponement of many of the capital works designed to expand or improve production in the industry. However, on Blyvooruitzicht the major items of capital work were not delayed and at the year-end the new hostel was being occupied and the extension to the uranium plant to treat the gold plant tailings from Nos. 1 and 6 slimes dams had been completed.

Expenditure of a capital nature during the current year is estimated at about R10.5 million. This will be incurred mainly on preparations for increased production from the western section of the mine and includes the costs of refrigeration plants, improved compressed air reticulation, additional pumping and haulage facilities and rolling stock, and hydraulic props for support in stopes.

Expenditure on metallurgical projects will include final payments on the extensions to the uranium plant, completion of the flotation plant which will operate in conjunction with it and the purchase and installation of the balance of the slimes reclamation equipment. In addition there is the possible installation of a flotation plant to recover gold from the residues arising from the reverse leach process which treats the high-grade fraction of the run of mine ore.

Capital expenditure during the years ending 30th June, 1979, and 30th June, 1980, will decrease significantly and thereafter capital will only be required to maintain ongoing operations.

The proposed amendments to the Articles of Agreement of the International Monetary Fund are in the process of ratification by members of the Fund and are expected to be approved towards the end of this year. The President of the Chamber of Mines of South Africa in his recent annual address stressed the importance of the effect of the amendments and of the announcement made in February, 1977, by the South African Minister of Finance that following ratification of the amendments, the South African Reserve Bank would revalue its gold reserves at a market related price and pay producers the market price immediately on delivery of gold.

The proposed amendments to the Articles of Agreement of the International Monetary Fund will, by eliminating the statutory monetary functions of gold, have the effect of remobilising official gold holdings by allowing central banks to buy and sell gold freely. If the existing agreement between the International Monetary Fund and the Group of Ten countries not to increase their net aggregate gold holdings is not renewed in January, 1978, the gold market should enter a new and buoyant phase shortly thereafter. Gold will therefore become a proportionately more important component of world reserves and it is possible that it will once again be used as a medium for settling international transactions. This should stimulate world interest in gold and the extreme fluctuations of the past should not recur. In my opinion, fluctuations will be relatively minor and a steady overall increase in the price of the metal can be anticipated.

The outlook for uranium has been complicated by a number of developments which occurred during the year. The anti-nuclear lobby mainly comprised of environmentalists, is still very active and has probably been partly responsible for the action taken by certain governments to delay the further installation of such facilities for the time being. The allegation that nuclear power generation may present an opportunity for unauthorised persons to gain access to materials from which nuclear weapons could be fabricated has undoubtedly assisted the anti-nuclear groups in their activities. In April, 1977, the president of the United States of America announced his new energy policy. This policy has received wide publicity and I do not propose to discuss it in any detail. While it is considered, in some quarters, to be hazy regarding nuclear power it does not appear to be inflexible. It does indicate a fairly firm resolve to develop a nuclear fuel cycle which will reduce or eliminate the risk of proliferation of nuclear weapons. If this can be achieved, and it will almost certainly entail abandonment, in whole or in part, of the plutonium cycle in the short term, it should partly appease the anti-nuclear groups and substantially improve the demand for uranium. Finally, any overview, however brief, would not be complete without reference to the dilemma confronting the Australian Government. For some time the potential impact on the market of substantial additional production capacity in Australia has been a source of concern to other producers. The Commission appointed by the Australian Government has published reports which provoked much discussion in various quarters. The Government of Australia has just announced its policy regarding the exploitation of the rich ore bodies in that country and the development of mines will now commence. Taking all factors into account, I do not expect that this pol[illegible] will be such as to result in any serious lo[illegible] term dislocation of the market. While th[illegible] may be periods of uncertainty and a redu[illegible] growth rate in selling prices, I am still co[illegible]dent that the middle to long-term prosp[illegible] for uranium producers are sound.

It was in the light of our belief in the fu[illegible] of the metal and the present prices be[illegible] obtained for spot sales of uranium that [illegible] company decided to extend the uran[illegible] plant, and this additional producti[illegible] result in a significant increase in the pro[illegible] from 1978 onwards. Sales of uranium a[illegible] negotiated, a customer loan of R1.5 mil[illegible] arranged and further supply contracts [illegible] be negotiated from time to time.

The mining industry has been criticised f[illegible] in South African and overseas publicati[illegible] for the employment conditions which it [illegible] workers. The information contained [illegible] these articles is often incorrect and p[illegible] graphs are produced of various phases [illegible] life on a mine which are completely o[illegible] date and sometimes even show portion[illegible] housing facilities on mines that have the[illegible] closed down. In common with other mi[illegible] mines in South Africa, Blyvooruitzicht [illegible] improved the working and living condit[illegible] of its Black employees considerably over [illegible] past ten years. The modern Black m[illegible] worker is still in the main a [illegible] labourer. He alternates between perio[illegible] small farming activities in his home co[illegible] and cash earning periods on the mines. [illegible] to the substantially increased wage[illegible] during the past five years (the average [illegible] on Blyvooruitzicht has increased five-[illegible] the worker can obtain his target earn[illegible] much more rapidly than he did before[illegible] period spent on the mine therefore tend[illegible] be shorter than it was some years ago[illegible] the worker has maintained the tradition[illegible] returning to the mine for a number [illegible] periods before finally settling down [illegible] manent farming or other activity at [illegible] home.

The mine is pursuing a policy of continu[illegible] training and thereby raising the skill[illegible] Black workers. The more highly-skil[illegible] men obviously earn far more than the [illegible] skilled ones and the mine's policy is to [illegible] to persuade the former to become perma[illegible] workers on the mine. During the last [illegible] years the percentage of South Afr[illegible] (including Transkeians) working on the m[illegible] has risen from 25.6 to 48.1. The difficu[illegible] of providing full family housing for [illegible] men are not as great as it is in the ca[illegible] foreign workers and the company is consi[illegible]ing a number of schemes whereby it [illegible] provide married housing on the mine [illegible] assist the employee to build his own hom[illegible] the area from which he comes. Where [illegible]sible the intention of the mine would b[illegible] provide single accommodation for the wo[illegible] during the week, but to make arrangem[illegible] for him to travel home for the weekends[illegible] matter how large a mine is, it must alway[illegible] remembered that it has a finite life and [illegible] ownership in the immediate vicinity of [illegible] mine might not be in the long-term inter[illegible] of the employee.

The uncontrolled raising of wages, par[illegible]larly of unskilled workers, must lead to [illegible]tinued inflation. The increased wage le[illegible] mentioned above provide the unskilled wo[illegible] novice with ample funds for his [illegible] immediate needs. His ambitions [illegible] desires for higher pay must be met by [illegible] opportunity given to him to develop in[illegible] skilled worker or supervisor. The trai[illegible] programmes offered by the mine provide [illegible] means for self-betterment and it is up to [illegible] individual concerned to advance through [illegible] various grades available to him on the m[illegible] However, it is recognised that trade u[illegible] practice and certain legislation present [illegible]riers to advancement beyond a certain p[illegible] The policy of your company is continuall[illegible] press for the lowering of these barriers [illegible] the ultimate aim of ensuring equality [illegible] opportunity for all its employees.

During his stay on the mine, the mig[illegible] worker is housed and fed. The orig[illegible] hostels on Blyvooruitzicht were built to [illegible] highest pre-war standards and good qu[illegible] balanced meals have always been provi[illegible] from the extensive kitchens. However, [illegible] new hostel has been built to standards [illegible] higher than the previous hostels. In a[illegible]tion, the cooking facilities have been c[illegible]pletely modernised and smaller dining ro[illegible] provided where meals are available at [illegible] hours. Recreation facilities in the form [illegible] sport, general education, T.V. and [illegible] shows are continually being expanded.

During the year dividends No. 62 and No[illegible] of 21 cents and 25 cents respectively w[illegible] declared.

The tonnage milled for the year end[illegible] 30th June, 1978, should be consider[illegible] higher than for the year just ended. [illegible]vided the price of gold remains at or ab[illegible] its present level of R4 054 per kilog[illegible] (U.S.$145 per oz.) and inflation can be [illegible]tained within reasonable limits, the a[illegible]tional production, even at a lower gr[illegible] resulting from the mining of the west[illegible] section, and the revenue obtained from s[illegible] of uranium, should result in improved e[illegible]ings before tax and appropriations. Howe[illegible] capital expenditure on preparations for [illegible] increased production from the western [illegible]tion of the mine, taxation and loan le[illegible] will reduce the amount available for di[illegible]bution as dividends to an amount c[illegible] slightly greater than that distributed in 1[illegible]

On 2nd September, 1977, a very severe p[illegible]sure burst occurred towards the bottom [illegible] the B2 East longwall. 157 metres of st[illegible] face were badly shattered with almost c[illegible]plete closure of the adjacent stoped ar[illegible] Due to the magnificent efforts of the res[illegible] teams many of the men working in that a[illegible] of the mine were rescued, but it is with d[illegible] regret that I have to inform members t[illegible] 32 of our employees lost their lives. I ext[illegible] my sympathy and that of all the memb[illegible] of Blyvooruitzicht Gold Mining Compa[illegible] Limited to the families of these men. [illegible] court of enquiry into this accident will [illegible] held shortly.

In conclusion, I have pleasure in record[illegible] the board's appreciation of the services t[illegible]dered by the managing director, Mr. D[illegible] Waterman; by the general manager, [illegible] J. R. Forbes, and his predecessor, the l[illegible] Mr. F. L. Vaughan who died on 14th Octo[illegible] 1976, and by the staff and employees at [illegible] mine; by the technical and administrati[illegible] staffs at head office; and by the secretar[illegible] in the United Kingdom.

The fortieth Annual General Meeting [illegible] Blyvooruitzicht Gold Mining Compa[illegible] Limited will be held in Johannesburg [illegible] 21st October, 1977.

Copies of the Annual Report and Accou[illegible] can be obtained from the office of [illegible] London Secretaries, Charter Consolidat[illegible] Limited, 40 Holborn Viaduct, London, EC[illegible] 1AJ or from the Share Transfer office o[illegible] London Secretaries, P.O. Box 102, Char[illegible] House, Park Street, Ashford, Kent. TN[illegible] 8EQ.

LONDON BOROUGH OF SOUTHWARK

ISSUE OF

£20,000,000 Southwark Corporation ... per cent. Redeemable Stock 1984-1985

Price of Issue £99½ per cent.

Payable as follows:—

Application	£10 per cent.
31st October, 1977	£40 per cent.
9th December, 1977	£49½ per cent.
	£99½ per cent.

SOUTHWARK CORPORATION

... per cent. Redeemable Stock 1984-1985

ISSUE OF £20,000,000 at £99½ per cent.

PLEASE USE BLOCK LETTERS

MINING NEWS

Blyvoor well set for the longer-term

BY KENNETH MARSTON, MINING EDITOR

AGAINST THE background of renewed strength in South African gold shares yesterday comes another encouraging annual statement from one of the producers. Mr. A. C. Petersen, chairman of the Barlow Rand group's Blyvoor, anticipates a steady rise in the price of gold (it was $1¼ up at $149⅝ yesterday) and is confident about the middle to long-term prospects for uranium producers.

He says the extension to the mine's uranium plant will result in a "significant" increase in profits from 1978 onwards. On the gold side, Blyvoor's production should be higher in the current year to next June. However, earnings available for dividends in the current year will be only slightly greater than those distributed (46 cents per share) in 1976-77.

This is because of high capital expenditure—put at R10.5m. for thet current year—which will go towards preparations for increased production from the western section of the mine. But Mr. Petersen points out that capital spending will decrease significantly during the years to June 30, 1979 and 1980 and thereafter will be required only to maintain ongoing operations. Blyvoor rose 12p to 315p yesterday.

SYLVITE POTASH EXPANSION PLAN

The Canadian State-owned Potash Corporation of Saskatchewan (PCS) plans a two-phase expansion of potash-producing capacity at the Sylvite mine near Rocanville which it bought earlier this year for $Can.144m. (£77m.) from Hudson Bay Mining and Smelting, reports our Toronto correspondent.

Capacity is to be raised to 2m. tons of product a year from 1.2m. tons. The first phase calls for an outlay of $Can.7.0m. for a 200,000-ton increase by the autumn of 1979. The second phase, if carried through, would see an additional $Can.40m.-$Can.50m. being spent.

The acquisition next month of the German-French owned Alwinsal Potash mine for $Can.75.6m. will make PCS the owner of 25 per cent. of the potash-producing capacity in Canada.

The Allan Mine also is being evaluated and there are plans to buy still one more mine to bring the Government ownership up to half of the industry.

METALL HAS 10PC OF TECK

WEST GERMANY'S Metallgesellschaft has acquired a 10 per cent. stake in Canada's Teck Corporation of Vancouver from interests associated with the Keevil family, reports our Toronto correspondent.

The Metallgesellschaft chairman, Herr Karl Gustaf Ratjen, and another company executive, have agreed to join the Teck Board. Herr Ratjen said the "transaction is the result of the long-standing co-operation between the two companies in non-ferrous metals activities."

They are, for example, participants in the nickel-copper discovery northwest of Timmins, Ontario. Herr Ratjen added that "this investment will further broaden Metallgesellschaft's exposure in Canada." The German firm is the second largest shareholder in Teck, after Copperfields Mining.

HARMONY PAYS 25 INTERIM

Another gold and uranium mine in the Barlow Rand group, Harmony, announces an interim of 25 cents (16.3p) for the current year to next June. A year ago the mine omitted its interim because of the declining gold price at that time and the need to preserve cash resources and to finance the expansion programme.

However, the mine returned to the dividend list in March this year with a single payment of 25 cents for 1976-77. Harmony's fortunes have been given a fillip by sizeable spot sales of stockpiled uranium, although these vary sharply from quarter to quarter.

Being a relatively low grade gold mine, Harmony's earnings would be very responsive to any further increase in the gold price. The shares were 20p up at 370p yesterday.

CGFA closing Gunpowder copper mine

Consolidated Gold Fields Australia has now decided to place its Gunpowder copper mine in north-west Queensland on a care and maintenance basis from Monday until there is a sustained improvement in the copper price.

The mine, which has the capability to operate profitably under more normal market conditions, has been incurring heavy losses at the current low level of copper prices. CGFA owns 70 per cent. of the property and the remaining 30 per cent. is held by Japan's Mitsubishi and Kinsho-Mataichi

CGFA also states that its recent unaudited preliminary results for the year to June 30 showed a loss of $A3.85m. (£2.44m.). Contributing to this was an extraordinary item of $A3.37m., a provision for possible loss in the event of the closure of the Mount Lyell copper mine in Tasmania.

It has since been decided to charge that provision without the benefit of the deferred tax credit. The effect is to increase the charge of the item to $A3.95m., as a result the CGFA loss for the year is re-stated at $A4.24m.

AAR MAY MAKE A CAPITAL RETURN

Australia's AAR coal group which rejects as "inadequate" an offer from CSR (of $A1.75 cash per share or two CSR shares plus $A3.50 cash for every five AAR) says that unless it receives a substantially higher take-over bid there will be a capital reconstruction. This will include a return to AAR shareholders of any capital which is surplus to the company's needs.

The extent of any benefits to AAR shareholders depends on the current negotiations for a further sale of part of the company's holding in the big Hail Creek coal venture. As reported last week, Hill Samuel Australia have assessed the discounted realisable value of AAR shares at $A3.40 each.

W. Mining $40m. bond issue

AUSTRALIA'S Western Mining Corporation proposes to issue $U.S.40m. (£23m.) of bonds in the Eurodollar market with a final maturity of 15 years, through a syndicate of international banks and financial institutions under the lead manager, S. G. Warburg and Company.

Managers are Banque de Paris et des Pays-Bas, Dresdner Bank Aktiengesellschaft, IBJ International, Morgan Stanley International and Swiss Bank Corporation (Overseas).

Final terms are expected to be set on September 28. In current market conditions a coupon of 9 per cent. is expected.

The net proceeds to be received from the bond issue will be used to fund part of the company's capital expenditure programme and replace shorter term U.S. dollar borrowings with longer term funds. The maximum average life of the binds will be 11.7 years. Application is being made for listing of the bonds on the stock exchange of the U.K. and the Republic of Ireland.

MINING BRIEFS

KENT (F.M.S.)—August production 7 tonnes (July 7) tonnes.

KINTA KELLAS—August production 34½ tonnes (July 42) tonnes.

WHEAL JANE—August production of tin contained in concentrates 82.17 tonnes (July 70.11 tonnes).

Turnover rise at Norton & Wright

The first five months of the current year show a 24 per cent. increase in turnover at Leeds-based producers and distributors of fund raising cards etc., Norton and Wright Group, reports Mr. D. S. Rocklin, chairman.

In May the Lotteries and Amusement Act 1976 became operative and this new legislation enables the group to widen its activities in the UK market. Contracts have been signed for an extension at the Littlemoor Road, Pudsey, site which will give an extra 6,000 square feet.

The joint venture referred to in last year's annual statement took longer to affect than anticipated but incorporation took place in July and both companies are now operational.

In order to take full advantage of overseas development, a branch of Norton and Wright (Holland) was formed in Belgium in May.

As already known, pre-tax profit for the year to March 31, 1977 expanded from £504,419 to £638,836 and Mr. Rocklin explains that despite continued rises in labour and raw material costs margins improved slightly due to improved production techniques resultant from capital investment.

Turnover rose from £2.27m. to £2.77m. of which exports contributed £0.92m. compared with £0.72m. Sales to Scandinavia accounted for 67 per cent. of exports, the remainder being mainly to Australia, Kenya and Western Europe.

The first full year of trading of the Belgium subsidiary showed a trading loss of £9,740. However, almost all this was incurred in the first six months and the current level of activity indicates that this subsidiary will be profitable in the near future. All other group subsidiaries contributed satisfactorily to profits.

BIDS AND DEALS

Polysar will not raise offer for Mono

The 30p per share offer for Mono Containers made by Polysar Belgium, a subsidiary of Canada Development Corporation, will not be increased. A statement issued through financial advisers Schroder Wagg says that the offer, which was earlier approved by the Mono Board and which closes on September 22, has so far been accepted by holders representing 22.16 per cent. of the Ordinary capital and 41.06 per cent. of the Preference capital.

Meanwhile, Mono shareholders have been sent full details of the rival offer of 35p per share cash, first announced last month, from Autobar Vending Industries. Mr. R. K. Richards, the Autobar chairman, argues that the more natural merger for Mono would be with his own group and that it is his intention to continue Mono's trading "as a long-term investment without transferring its operations to any Autobar factories."

Mr. Richards also tells shareholders that Autobar is exploring a number of projects, "some of which would be compatible with existing production techniques used by Mono at its Durham factories." He suggests that those factories would be used for the projects and that adequate finance would be made available.

Unaudited figures of Autobar for the year to July 31, 1977, show turnover at £18.6m. and pre-tax profits at £1.85m.

CCH INVESTS

Mr. Gordon Currie, chairman of CCH Investments, has acquired 466,643 Ordinary shares in the company. With existing holdings of Ordinary and option shares, this creates a total holding of 500,000 shares, or 8.5 per cent. of the equity.

BRIT. ELECTRIC CONTROLS

The battle for control of British Electronic Controls took another turn yesterday with the disclosure that three directors of the company now hold 41 per cent of the capital and have increased their offer to 20p a share. This compares with Derritron's 28p in shares or 24½p in cash offer which followed the directors' original bid of 23p a share.

The increased offer is a consequence of the directors acquiring an extra 18 per cent. stake in the company at the higher price. Under the rules of the Takeover Panel they are now obliged to extend this offer to all other shareholders.

RHEEM/REDFEARN

Rheem International yesterday posted a further exhortation to the shareholders of Redfearn National Glass urging them to accept its partial bid of 300p a share before it closes on Friday. Rheem sweetens this appeal with the observation that, in the event of the offer succeeding, the Redfearn minority holders will receive the dividend increases proposed by Redfearn in its latest defence document, and that Redfearn will be allowed to continue its dividend policy as an "independent listed company."

Acceptances must be received by Friday and Rheem repeats that late acceptances will not benefit from the offer.

HOUCHIN

The share quotation of Houchin, manufacturers of ground equipment for electrical servicing and starting of aircraft, were temporarily suspended on the Stock Exchange yesterday at the request of the company. The move follows an approach which could lead to an offer being made by an unnamed party.

DRAKE & SCULL

In a message to staff yesterday, Drake and Scull Holdings dissociated itself from problems in Cubitts Nigeria, part of the Holland Hannen and Cubitts business sold to Tarmac last year. On Friday Tarmac announced that it faced possible losses of £12m. in the Nigerian subsidiary.

Drake and Scull stated that Tarmac had had control of Cubitts Nigeria since September 1, 1976, "and as recently as last month their vice-chairman publically described the Nigerian acquisition as a 'bonus' in 'a very satisfactory deal'."

"The first formal communication we had from Tarmac concerning problems on the Nigerian Vala contract was on August 23, 1977, and responsibility for these was formally rejected by us on September 2."

BOVIS DEAL

Bovis, the building concern controlled by P & O, has agreed, in a $Cs 8m. (£4.7m.) deal, to sell the 2.2m. shares it owns in the Canadian company, Consolidated Building, back to the company, with the result that CB's outstanding stock will be reduced from about 6.4m. to 4.2m. shares.

The transaction is subject to approval by the appropriate regulatory bodies and by shareholders of Consolidated Building. Bovis said the proceeds would be used to reduce bank debt.

WILMOT BREEDEN

The buyer of the major part of the 9.5 per cent. stake in Wilmot Breeden, sold last week by Dr. Dan McDonald, one-time boss of BSR, is Andrew Weir and Co., a private group, which emerges with 7.94 per cent. of the WB equity.

Andrew Weir, which is a shipping, insurance and investment group operating in the City, is regarded by the Wilmot Breeden Board as a friendly holder. A statement issued yesterday said that Andrew Weir had "purchased the shares as a long-term investment."

A Wilmot Breeden spokesman described recent speculation over a possible bid being mounted for the company, arising out of the knowledge that Dr McDonald was a willing seller of his shares, as "ill-founded and misinformed." The Wilmot Breeden share price dipped 2p yesterday to 86p.

WEIR GROUP

The Weir Group has acquired 50.1 per cent. of the Ordinary shares of Cannon Valves, a private company employing 47 at Leven, Fife. As part of the transaction Weir has also acquired 13 per cent. of the Preference shares. Total price paid was £62,000.

Satisfactory results forecast for 1977

United Biscuits Interim Report

Group Results

At the halfway stage in 1976 our profits had increased by 84%. This was a particularly difficult target to beat, so I am pleased to be able to report that in 1977 sales have increased by £60 million to £323 million and profits before tax by £2 million to £17 million. This profit increase keeps pace with the combined effects of inflation in the U.K. and the U.S.A.

Margins in the U.K. improved, while in the U.S.A. where our volume increased by 4%, margins declined from the exceptionally high levels of the first half of '76 to a more normal but still acceptable level.

In Spain the launch of a major new product had to be delayed due to technical difficulties. Although considerable progress has been made, the planned break-even trading profit position for the year will not be achieved.

Since the AGM in May when I last reported to shareholders, we have taken up our option to acquire the Wimpy franchise in Europe and the rest of the world excluding the U.S.A. I see fast food as one of our most important future development areas.

Outlook

In both the U.K. and the U.S.A. trading is less buoyant than I had anticipated when I reported in May. Subject to the maintenance of stable industrial relations in this country, the profit for the year should show a satisfactory increase over 1976.

19th September 1977

Hector Laing.

Chairman

Consolidated Profit Statement for the 28 weeks ended 16th July, 1977

52 weeks to 1st January 1977 (Audited)		28 weeks to 16th July 1977 (Unaudited)	28 weeks to 17th July 1976 (Unaudited)
£000		£000	£000
	Sales		
	United Kingdom (including exports)		
302,600		187,701	150,821
200,900	U.S.A.	122,305	104,306
12,700	Europe	9,285	6,043
4,800	Rest of World	3,750	1,870
521,000		323,041	263,040
	Trading Profit		
22,415	United Kingdom	11,806	8,381
14,024	U.S.A.	7,451	8,574
(801)	Europe	(209)	(512)
280	Rest of World	153	(6)
35,918		19,201	16,437
2,672	Interest	2,164	1,416
33,246	**Profit before Taxation**	17,037	15,021
16,432	Taxation	8,424	7,513
16,814	**Profit after Taxation**	8,613	7,508
17.4p	**Earnings per Share**	8.3p	7.8p

Dividends	Per Share 1977	1976
Interim (now declared)	1.7500p	1.5554p
Final (to be recommended, in the absence of unforeseen circumstances)	2.9162p	2.6866p
Total recommended dividend	4.6662p	4.2420p
Increase in proposed total dividend over 1976: (the maximum permitted under present legislation)		10%

UB United Biscuits

United Biscuits (Holdings) Limited
Syon Lane, Isleworth, Middlesex TW7 5NN

McVITIES · CRAWFORDS · MACFARLANES · KP · CARRS · WIMPY · KEEBLER

Coutts seeks to expand corporate business

BY MICHAEL BLANDEN

COUTTS, THE smallest of the London clearing banks, is trying to develop its business among the corporate sector.

The bank, an independent subsidiary of the National Westminster group, is stressing its ability to provide a flexible service and a rapid response to customers' problems, coupled with the wider facilities available to the group domestically and internationally.

Mr. Julian Robarts, deputy managing director of Coutts, said yesterday: "Businesses are demanding much more individual attention to their banking and financial needs.

"Our size enables us to provide a high standard of personal service, flexibility and speed of decision. Through our membership of the National Westminster Bank group, we can provide the specialised services required by many companies."

Coutts, with a reputation as a small bank providing personal service for the wealthier private customer, is seeking to increase its proportion of corporate business to about 30 per cent.

Ashley Ashwood

British Airways' first £64 stand-by customer, Mr. James Roets, of Fernwood, Idaho.

Stand-by flights 'successful'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE SCHEDULED airlines are reporting early successes for their "stand-by" cheap fares between London and New York.

Pan American and Trans-World each began selling tickets last Thursday at £64 single London-New York, and British Airways began yesterday morning. Between them, over the past five days, they have sold well over 500 stand-by tickets, they are entitled to sell up to 2,100 each way weekly (700 per airline).

The three other airlines entitled to sell these tickets—Air-India, Iran Air and El Al Israel—are not yet doing so because the Civil Aviation Authority rules that Heathrow must not be used for selling the tickets on checking in the ticket holders.

These three airlines, which collectively are permitted to sell up to 500 stand-by seats each way a week, flack he big town terminals that British Airways, Pan American and TWA have. They are discussing the situation with other airlines.

The Stand-by rate of £64 single London-New York has been introduced in response to the £59 fare on Laker Airways' Skytrain, due to start from Gatwick next Monday.

Laker will ask the Civil Aviation Authority to-morrow for permission to sell tickets from 4 a.m. on the day of departure, instead of 11.30 a.m.; to bring in travel agents; and to abolish all restrictions on the number of Skytrain flights.

Initially, at any rate, it will be allowed to check its passengers in at Gatwick.

● Mr. Freddie Laker, chairman of Laker Airways, said in a Washington interview recently that if Skytrain was a success he might consider buying the bigger Boeing 747 to replace his DC-10 trijets.

Concorde route to Paris changed

THE EXPERIMENTAL rerouting of the Air France Concorde service between Washington and Paris to lessen the effect of sonic booms along the Cornish and Devon coastlines and over Alderney was introduced by the airline at the week-end.

Alderney has been subjected to regular sonic booms since the service opened in spring, last year. There have been complaints of damage to property and Mr. Jon Kay-Mouat, the island's president, has also protested to the Home Office, about suffering caused by the booms to sick and elderly residents.

He said yesterday: "Our patience has been rewarded. We can only hope that what has begun as an experiment will become permanent."

Private architects are securing fewer commissions

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE IMPROVEMENT in private architects' new commissions in the early part of this year went into reverse during the second quarter, the Royal Institute of British Architects disclosed yesterday.

In constant price terms, the value of new work obtained in the three months to the end of June was 14 per cent. down on January-March, which had shown an 11 per cent. improvement over the preceding three months.

Commissions were valued at £768m. in the second quarter against £868m. in the January-March period.

The institute points out, however, that the new work situation appears to have stabilised when the first half of this year is compared with the second half of last year.

Both housing work and commissions on other construction projects have been affected by the apparent drop and council housing work is now at its lowest point since 1972.

At the production drawings stage, however, work rose by almost 2 per cent., reflecting the higher level of new commissions recorded in the first part of the year.

The institute also said yesterday that new statistics on architects' fees income showed that in spite of attempts by the profession to diversify, no less than 96 per cent. of all private income came from building work.

Overseas work involved 9 per cent. of practices during the quarter while fee income from overseas projects represented 10 per cent. of the total.

A-levels to remai[n] another two yea[rs]

SIXTH FORMERS will be t[aking] GCE A-level exams for at [least] another two years accordi[ng to] the Schools Council, the na[tional] body responsible for exa[ms and] curriculum reform.

Mr. Peter Dines, joint [secre]tary of the council, wh[ich is] working on new 18-plus proposals to replace A-l[evels,] said yesterday that the c[ouncil] will need until Easter 19[..] to complete its investigation.

The council, an indepe[ndent] body jointly financed b[y the] Government and local autho[rities,] is working on new N and [F pro]posals for replacing A-l[evels] involving a two-level sy[stem] and exam structure at "no[rmal]" and "further" levels.

There would be a norm [of ...] subjects, not more than t[...] them being studied to the [...] F level.

Buying into trouble

NEWS ANALYSIS—CHIPBOARD

BY CHRISTOPHER DUNN

AN ERA of high hopes for the Scottish chipboard industry, an important component in the country's forestry operations, came to an end last week with the collapse of Scottish Timber Products into the hands of the Receiver.

In four years the company, based at Cowie, Stirlingshire, became the U.K.'s largest independent chipboard manufacturer, accounting for nearly a third of home production and notching up a turnover of £9m. a year. But when it collapsed it owed over £6m. to creditors including a West German bank, the Department of Industry and the Bank of Scotland.

Scottish Timber began operating on a large scale in the early 1970s to exploit what were seen as growth opportunities in the chipboard market. Its move came at a time when rapid expansion of chipboard demand throughout the world was forecast: a six-fold increase in sales by the end of the century was one prediction.

The company was not alone on the chipboard bandwagon: others formed with the same aim included Kronospan, based in Wales and run by an Austrian family, and Spanboard, which was re-capitalised by Aaronson Brothers, the veneer merchants.

The newcomers joined established operators like Scotboard, owned by BPB Industries, and Weyroc, owned by Swedish Match. Scottish Timber says that capacity at its plant in Cowie roughly equalled output of Weyroc's four plants.

To their advantage, the new companies negotiated supply terms with the sawmillers who produced chipboard raw materials—tree tops, slabwood and wood shavings—from sawing operations.

Britain was an appropriate market in which to develop the growth in chipboard. It was dominated by foreign manufacturers, but it had a plentiful supply of timber, especially in Scotland, as post-war plantings matured.

Between 1973 and 1976, domestic manufacturers' share of the market roughly doubled to over 40 per cent. even though total consumption was static at 1.7m. cubic yards a year.

Scottish Timber's sales grew rapidly, reaching £9m. a year by the end of last year. But that figure at the top of the profit and loss accounts disguised many problems.

Much of the initial capital was provided by a loan of DM10.6m. (then £1.25m.) from the Vereins- und Westbank at a favourable rate of interest. The money was used to buy the factory from Bisonwerke, a German company.

There were about 150 shareholders, mainly City institutions, with Chase International Investment Corporation the largest shareholder. The Department of Industry also lent £1m.

The initial problem was how to meet repayments on the German loan. As sterling fell in relation to the D-mark, the value of the repayments increased in sterling terms, with the DM10.6m. now worth £2.6m.

Mr. Robin Pegna, managing director of Scottish Timber, estimates that because of the drop in sterling, the company owes the Vereinsbank £1.5m.

The decline in sterling was only one problem. Output never matched the forecasts. At the outset, Scottish Timber complained "that the plant was not working to capacity," that there was "marketing problems" and that it had not "manufactured or sold the quantities expected."

Inability to meet production schedules had a disastrous effect on cash flow. That meant the company could not meet the tight repayment schedules. Working capital was also inadequate.

The financial crisis at Scottish Timber broke in late 1974. New management was introduced, two big rights issues floated, and the pressing loan and interest repayments were deferred. Repayment of the Gearman loan was still vulnerable to a falling pound.

After the restructuring, sales roughly tripled, and the company made a profit of around £1m. The management was convinced that the recovery showed the company was viable.

Two other factors chang[ed the] company's future. The fir[st was] the change in fashion. S[cottish] Timber needed to move [to] higher-value added areas [such as] board such as laminate[d pro]ducts, but it lacked res[ources].

The second was when [the] European chipboard m[anu]facturers invaded the U.K. th[is year] selling at highly comp[etitive] prices.

The position was imp[...] If Scottish Timber held [...] to maintain cashflow and the loan repayments, [...] market shares.

"If it cut prices to m[aintain] market share, cash flow a[nd] repayments would suffer [...] secured lenders were inv[ited to] call in the Receiver.

The future is unclear. [The] Receiver wants to kee[p the] operation going and the S[cottish] Development Agency, [which] previously was reluctant t[o inter]vene because of S[cottish] Timber's complicated [capital] structure, is helping.

The agency criticised S[cottish Timber as] trading deteriorated. The [Scottish] Timber's management f[...] settling the German loan [and] the management replied [it] tried, but could not reach [agree]ment with Vereins und [West]bank, adding that a "[...] together" package whic[h kept] a company limp throug[h ...] years says a lot for the [under]lying strength of the op[eration].

But it is clear that [Scottish] Timber lacked the finan[cial re]sources to keep going [as] trading deteriorated. Th[e] new companies extende[d] credit lines as much as [...]

If the plant does cease [produc]tion, the repercussion[s will] extend beyond its immedi[ate ...] For 98 per cent. of [the raw] materials used by [Scottish] Timber come from Scotti[sh forests] mostly around the Stirli[ng area.] And it has been estima[ted that] as many as 500 workers' [jobs in] forestry and haulage c[ould be] affected.

British Rail may steam to the seaside

BY JOHN LLOYD, INDUSTRIAL STAFF

BRITISH RAIL is to study the feasibility of running a steam locomotive service on the York to Scarborough line, one of the few stretches of track it approved four years ago for use by steam trains.

Railway enthusiasts use it most week-ends to drive each other up and down in chartered engines.

York is the home of the National Railway Museum, from which workable steam locomotives can be hired.

A number of engine drivers based on York can drive steam trains and hire themselves out to the private enthusiasts for their week-end jaunts.

Renting steam locomotives from the museum costs between £750 and £1,000 a day. The locomotive consumes large quantities of coal and needs at least a three-man crew. Steam trains require their own rolling stock.

An Eastern Region spokesman said yesterday that because of the fondness still felt by many people for steam trains it might be possible to run a noisier, less comfortable and more expensive service at a profit, especially if it were limited to the holiday season.

British Rail operates only one steam service, on the narrow gauge line in the Vale of Rheidol between Aberystwyth and Devil's Bridge. It runs only in the summer months.

COMPANY NEWS IN BRIEF

ABWOOD MACHINE TOOLS—Turnover £715,948 (£682,155) year to March 31, 1977. Net profit £5,896 (£26,432) after tax £12,328 (£28,620). Earnings 0.3p (1.6p). Dividend 0.25p net (same).

AERONAUTICAL AND GENERAL INSTRUMENTS—Results for year to March 31, 1977, already known. Group fixed assets £710,387 (£647,653). Net current assets £883,701 (£729,982). Meeting, Croydon on October 5 at 2 p.m.

AGB RESEARCH—Results for year ended April 30, 1977 reported August 26. Group fixed assets £1.13m. (£0.71m.) ... will £1.1m. (£1.03m.), and net c... assets £175,788 (£205,636). Increase in net liquid funds £521,709 (£153,968). Chairman reports that cash flow remains strong, enabling the group to fund new investments. He foresees a challenging and stimulating time and many opportunities to maintain, if not improve, the profit record. Meeting, 76, Shoe Lane, EC, October 10 at noon.

ALBANY INVESTMENT TRUST—Gross revenue for half year to August 31, 1977 £61,755 (£52,073). Break-up value per 20p share 34.91p (23.64p). Interim dividend 0.4p (0.3575p) net.

W. G. ALLEN AND SONS (TIPTON) (engineers)—Results year to March 31, 1977, reported August 26. Group fixed assets £1.98m. (£1.83m.), net current assets £1.77m. (£1.44m.). Bank overdraft increased by £0.29m. (£0.73m. decrease). Sales for first three months of current year £1.5m. (£1.2m.). Meeting, Tipton, October 13 at noon.

HENRY ANSBACHER AND CO. (subsidiary of Fraser Ansbacher)—Results for 11 months to March 31, 1977, as known. Fixed assets £170,268 (£179,023 at April 30, 1976). Working capital increased by £430,182 (£1,866,633).

ASTRA INDUSTRIAL GROUP—Results year to April 30, 1977, as reported July 20. Group fixed assets £1.96m. (£1.92m.), net current assets £1.14m. (£0.12m.). Cash and bank balances increased by £0.79m. (£0.58m. decrease). Meeting, Birmingham, September 7 at noon.

JAMES AUSTIN STEEL HOLDINGS—Results year to March 31, 1977, reported August 4. Group fixed assets £494,914 (£416,579), net current assets £3.41m. (£2.98m.). Bank and cash balances decreased by £0.49m. (£0.11m. increase). Meeting, Ossett, on October 10 at noon.

K. O. BOARDMAN INTERNATIONAL—Results year ended March 31, 1977, reported August 26. Group fixed assets £1.84m. (£0.89m.). Net current assets £3.5m. (£4.1m.)—overdrafts bills payable and advances £4.93m. (£2.65m.). Chairman says that the first four months of current year were difficult, but there was a marked improvement in August. Meeting, Manchester, October 7 at noon.

CALEDONIAN TRUST COMPANY—Results for year to June 30, 1977, as known. Investments £41.19m. (£35.66m.), net current liabilities £324,517 (£2,064,280). Chairman says some increase in U.K. equity portfolio may be desirable and may involve some increase in low gearing. He anticipates further dividend improvement for current year. Meeting, Glasgow, October 10 at 11 a.m.

CLIFFORD AND SNELL (electrical and electronic engineers)—Turnover £1.78m. (£1.52m.) for year to March 31, 1977. Profit ... after tax ... (£35,010) and extraordinary items ... (nil). Earnings per 5p share before extraordinary items ... net (0.3636p) making ... total.

DIPLOMA INVESTMENTS—Results for year to June 30, 1977, reported September 5 with comments on prospects. Group fixed assets ... Current assets ... £7.68m. ... Decrease in net liquid funds ... Meeting, Great Eastern Hotel, E.C., October 7 at noon.

DOORNFONTEIN GOLD MINING—Results year to June 30, 1977, as known. Fixed assets ... current assets ... Increase in net working capital ... Meeting, Johannesburg, October 11.

DURA MILL—Dividend 2.76p for year to March 31, 1977.

ALEXANDER DUCKHAM (subsidiary of B.P.)—Pre-tax profit for half-year to June 30, 1977, ...

GOLD FIELDS PROPERTY COMPANY—Results year to June 30, 1977 as known. Fixed assets ... net current assets ... Chairman says dividend reduction likely during current year. Meeting, Johannesburg, October 12.

GUTHRIE ROPEL BERHAD (subsidiary of Guthrie Corporation)—Pre-tax profit Malaysian ... months to June 30, 1977. Interim dividend 5 per cent. ...

HARTEBEESTFONTEIN GOLD MINING CO.—Results for the year to June 30, 1977, already known. Mining assets R130.79m. (R123.42m.). Meeting, Johannesburg, October 19.

HOWARD SHUTTERING (HOLDINGS)—Results for year ended April 30, 1977 reported August 28. Group fixed assets £321,950 (£304,778). Net current assets £722,347 (£334,397). Meeting, Morden, Surrey, Oct. 10 at 10.30 a.m.

KLOOF GOLD MINING COMPANY—Results year to June 30, 1977 as known. Fixed assets R127.68m. (R114.39m.) net current assets R7.18m. (R9.72m.). Meeting, Johannesburg, October 13.

KYAHU COMPANY—Results for the year to June 30, 1977, already reported. Value of investments £1.06m. (£1.02m.). Meeting, 25, City Road, E.C., on October 11, at noon.

LIBANON GOLD MINING COMPANY—Results year to June 30, 1977 as known. Fixed assets R58.4m. (R51.32m.) net current assets R6.25m. (R5.72m.). Meeting, Johannesburg, October 13.

MARSTON THOMPSON AND EVERSHED (Brewers and wine and spirit merchants)—Results for year to March 31, 1977, reported July 22. Fixed assets £12.95m. (£11.96m.) net current assets £1.35m. (£1.01m.). Net outflow of funds £0.43m. (£0.63m. inflow). Whitbread Investment Company held 35.2 per cent. of the equity on March 31. Meeting, Burton-on-Trent on October 7 at 11.30 a.m.

McMULLEN AND SONS (brewers, etc.)—Second interim dividend 0.875p, pay September 30.

MELODY MILLS (wallpaper manufacturers)—Results year to March 31, 1977, reported August 24. Group fixed assets £1.31m. (£1.25m.), net current assets £1.71m. (£1.35m.). Bank overdrafts £1.19m. (£0.76m.). Meeting Leicester, October 5 at noon.

NATIONAL ELECTRIC CONSTRUCTION COMPANY (a member of the BET Group)—Interim dividend 5p (same and 15.5p total). Gross income for first half 1977 £178,953 (£175,322), expenses £11,370 (£11,000). Profit £167,583 (£164,322) before tax £57,500 (£54,000). Interim dividend costs £55,500 (same).

NEW HIBERNIA INVESTMENT TRUST—Net asset value applicable to Ordinary units at August 31, 1977, was 49.6p. Allowing for full conversion of Preference shares it would be 49.9p.

RELIANCE KNITWEAR GROUP—Results for year ended April 30, 1977, reported August 26. Group fixed assets £2.21m. (£2.03m.) net current assets £1.71m. (£0.6m.). Net liquid funds increased by £353,000 (£73,000 decrease). Meeting, Halifax October 6 at noon.

RESTMOR (baby carriage and nursery furniture makers)—Results year to April 30, 1977, already reported. Group fixed assets £1.25m. (£1.16m.). Net current assets £1.17m. (£0.7m.). An encouraging start has been made to the current year. Meeting, 54, Baker Street, W., October 14 at 11.30 a.m.

SHARNA WARE (manufacturers of plastic ware, etc.)—Turnover £4.43m. ... Profit ... before tax ... Meeting ... Chairman says sales continue to show satisfactory increase and prospects for year encouraging.

STANDARD CHARTERED—Intends to alter accounting date from March 31 to December 31 with effect from end 1978. Anticipated that in respect of the nine month period to December 31, 1978, an interim dividend will be paid in January, 1979, and a final in May-June, 1979.

STEINBERG GROUP—Results for year to March 31, 1977, already known. Group fixed assets ... Net current assets ... overdraft ... At present, orders for both home trade and export are ... and margins remain tight. Currently profits are in excess of the same period last year. Growth overseas is to continue. Meeting, Grosvenor House, W., October 12 at noon.

UNITED TIN AREAS—Results year ended March 31, 1977 already reported. Quoted investments ... market value ... Investments in associated company ... Current assets ... and liabilities ... Decrease in net cash balances ... Chairman says future remains somewhat uncertain and particularly so in Nigeria. U.K. resources will continue to be husbanded through sound investment. Meeting, City Road, Oct. 11 at 11 a.m.

VENTERSPOST GOLD MINING COMPANY—Results year to June 30 as known. Fixed assets ... net current assets ... Meeting, Johannesburg, October 11.

WEST DRIEFONTEIN GOLD MINING COMPANY—Results year to June 30, 1977 ... net current assets ... Meeting, Johannesburg, October ...

WEST OF ENGLAND TRUST—Results year to June 30, 1977, already known. Group deposits ... Investments ... Increase in net liquid funds ... Directors believe current year will show an improvement. Meeting, Bristol, November 9 at noon.

WHOLESALE FITTINGS COMPANY—Results year to April 30, 1977, already known. Fixed assets ... net current assets ... At year end net liquid funds down £167,000 ... (£306,000). On inflation-adjusted basis pre-tax profit would have been £224,000 (£757,000). Chairman confident of continued progress. Meeting, Great Eastern Hotel, EC, October 12, noon.

WILLIAMS AND JAMES (ENGINEERS)—Sales £2.22m (£2.23m) for six months to June 30, 1977. Pre-tax profit £207,363 (£183,951). Tax £111,000 (£98,533). Interim 0.99p (0.975p equivalent) net

H. WOODWARD AND SON.—Results half year to March 31, 1977, already known. Referring to loss provision made in respect of civil engineering activities on fixed price contracts the chairman says this situation is now behind and although both claims and measures are still in negotiation group has been able to take credit in half-year for an excess of revenue over expenditure. All other divisions are showing increased turnover and profit and this trend is continuing into the second half year.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

ESTABLISHED MANUFACTURING COMPANY
Engaged in the Design, Manufacture and Sale of a full range of D.I.Y. Home Improvement Products.
T/O £1m. p.a.—25% exported. Operating from modern fully equipped works in S. England with subsidiary company overseas.
FOR SALE
Full details from: Box Financial Times, 10, Cannon Street, EC4P 4BY.

76 replies from just one ad.

This ad, appearing on our Business and Investment Opportunities page, pulled 76 enquiries, with just one insertion.

That's the sort of real success you can expect from the F.T. Not only because we publish so many business opportunities, but also because we attract the firm interest of businessmen, and not the vague curiosity of idle browsers.

If you'd like to share this success, call Francis Phillips on 01-248 8000 (extension 456).

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

THE FT'S BUSINESS OPPORTUNITIES COLUMN

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Unions concerned about VFW-Fokker's liquidity

BY ADRIAN DICKS

BONN, Sept. 19.

THE West German Government is coming under growing pressure from trade unions and politicians in North Germany to take an active role in the affairs of Vereinigte Flugtechnische Werke-Fokker, the German-Dutch aerospace company whose breaking up and restructuring has become a matter of open speculation.

Over the week-end the chief shop steward of the West German VFW-Fokker factories, Herr Erwin Hilbrink, said in Bremen that he was concerned about the company's liquidity and about its ability to meet its October wage bill. He said the fate of the company would be in the balance unless the government could provide it with an immediate credit of at least DM150m.

There has been no official comment from either the West German Government or the VFW-Fokker management to this suggestion.

On the same occasion that Herr Hilbrink expressed his concern at VFW-Fokker's financial prospects, the West German Housing Minister, Herr Karl Ravens, gave assurances that the Federal Government and the city state of Bremen would be willing to provide it with short-term liquidity assistance if need be. So far there has been no sign that the VFW-Fokker board is considering requesting this.

Herr Ravens (whose interest in the company stems from his role as Social Democratic leader in Lower Saxony) and the Mayor of Bremen, Herr Hans Koschnick, have both, however, indicated that in spite of their concern at the risk to an estimated 3,000-4,000 jobs in Bremen and the surrounding area, such an injection of public funds would be purely a temporary expedient.

The West German Government has repeatedly said it does not want to be drawn into long-term ownership, or part-ownership, of the aircraft industry. What it does want to see, and is trying hard to bring about, is a realignment.

Bonn has given nothing away of it precise objectives here, but it is assumed that this must include a merger of the West German activities of VFW-Fokker with Messershmitt-Boelkow-Blohm. The two companies are already associated in the West German portion of the European airbus project, and have done extensive subcontracting for one another in a variety of other projects over the years.

However, although it was confirmed last week that each company has been talking to the Government's aero-space industry co-ordinator, State Secretary Martin Gruner at the Bonn Economics Ministry, there has been no sign yet of direct talks between VFW-Fokker and MBB.

Two problems lie at the root of the German-Dutch group's present difficulties. First, it has had little in recent years of the West German Government's military business, long the staple diet of MBB and of Dornier, the third major West Germany aerospace company.

More critically for the Bremen factories, it has risked a lot on the VFW 614 short-haul, 44-seater jet airliner, sales of which have remained consistently disappointing. Herr Hilbrink accused the federal Government of failing to support the project, although it put up a substantial amount of money to keep it going earlier this year.

Phoenix Gummi suspended

by GUY HAWTIN

FRANKFURT, Sept. 19.

DEALINGS IN the shares of Phoenix Gummiwerke, one of West Germany's largest tyre manufacturers, were suspended to-day. No official reason for the suspension was given, but it is believed to have followed a spate of stock exchange rumours that the majority shareholders wish to sell out.

A statement from Phoenix Gummi to-day shed little light on the situation. It went little further than making re-assuring noises to its workers, and could even be interpreted as indicating that the Phoenix Gummi executive board was somewhat in the dark as to its majority shareholder's intentions.

Phoenix Gummi, of which 60 per cent. is owned by Corona Beteiligungsgesellschaft, said that it understood the employees' concern at the situation. The executive board was doing its best to get talks under way to discover the truth behind the rumours. Corona Beteiligungsgesellschaft is based in Frankfurt and is jointly owned by Deutsche Bank and Bayer, the Leverkusen-based chemical giant.

The group, which is quoted on the Hamburg and West Berlin stock exchanges, has had a rather thin time of things lately. It passed its dividend for 1976 after making only modest profits. The previous year it paid a mere 5 per cent.—a far cry from its "traditional" 16 per cent., which shareholders have not seen since 1971.

At the root of the group's problems is the fierce competition which has built up in the weak West German tyre market. Even the West German motor boom has failed to ease the Federal Republic's tyre makers' difficulties as foreign competitors, particularly from low wage cost countries, are biting deep into the replacement tyres market.

Lykes Corporation closures

BY JOHN WYLES

NEW YORK, Sept. 19.

LYKES CORPORATION, America's eighth largest steel producer, to-day added to the wave of closures and cut-backs afflicting the country's steel industry with an announcement that a substantial portion of its capacity at Youngstown, Ohio, would be shut down by the end of the year.

The closures by Youngstown Sheet and Tube Company, a Lykes subsidiary, will significantly increase an already substantial loss anticipated for 1977, said the announcement. Altogether 5,000 of the 22,000 jobs at Youngstown will be eliminated by the abandonment of production of hot and cold rolled sheets and plates, and some bar products. Output of seamless pipe will continue.

Altogether, the cuts will reduce the company's output of finished steel in the Youngstown area from 1.8m. tonnes to about 500,000 tonnes. Lykes, which also has a shipping subsidiary, has recorded three quarterly deficits in a row. The company's steel capacity is generally old with production efficient open hearth furnaces. In an attempt to grapple with its debt burden, the company has cut in half this year's scheduled $130m. capital budget.

Anderson Clayton withdraws Gerber bid

By Our Own Correspondent

NEW YORK, Sept. 19.

ANDERSON CLAYTON, the Houston-based foods and oil-seeds group, to-day surprisingly withdrew its $300m. takeover offer for baby foods manufacturer Gerber Products.

The move comes only three days after reports that the Anglo-Dutch food giant, Unilever, had last April expressed an interest in Gerber immediately after the initial announcement of the Anderson Clayton proposed tender offer.

There has been speculation that the disclosure that Unilever might be interested in counter-bidding for Gerber led some Wall Street analysts to speculate that Anderson Clayton might withdraw rather than pursue its offer, and incur the expensive litigation surrounding it, in the knowledge that it might be faced with such a powerful opponent.

Unilever itself has refused to comment on what it terms "stock market rumours," and it remains to be seen whether the withdrawal of Anderson Clayton will lead it to make a merger proposal to Gerber.

Gerber itself said to-day that the Anderson Clayton decision to withdraw "vindicated the position taken by the Gerber Board which continues in its belief that the acquisition would have violated anti-trust and securities laws."

Mr. John C. Suerth, chairman of Gerber said that the independence of Gerber serves the best interests of its stockholders, employees and the communities in which the company operates.

Warner-Lambert prospects

WARNER-LAMBERT Company expects 1977 earnings to increase to $2.35 a share and possibly more, from $2.01 a share a year-ago, according to Mr. L. Burke Giblin, the chairman, Reuter reports from New Jersey.

Third quarter sales and earnings, he said, are progressing according to plans and expectations.

In the 1977 first half the company earned $1.24 a share, up 8 per cent. from $1.15 a share in the year-ago period.

MOVING IN ON GERBER

Unilever is keeping mum

BY STEWART FLEMING, IN NEW YORK

"ONE THING I would say about the leak is that it suggests that Goldman Sachs is scouring the world for more suitable suitors." That was the view of one Wall Street analyst following the news that Unilever, the giant Anglo-Dutch food and detergent group has been nibbling away at the fringes of the $300m. takeover situation involving Anderson Clayton and baby foods producer Gerber Products.

Just what Unilever's involvement in the situation might become is far from clear. Yesterday however, Anderson Clayton surprisingly withdrew, and it remains to be seen whether Unilever will take up the running. There had already been speculation that Anderson Clayton might be frightened off by the prospect of eventually having to battle a giant company like Unilever for control of Gerber.

What is known however is that shortly after Anderson Clayton announced in mid-April that it was prepared to pay $325m. for Gerber, Unilever, through its New York investment bankers, Lazard Freres, let Gerber know it might be interested in a merger.

Gerber says that when its investment bankers Goldman Sachs relayed Unilever's message it told Goldman merely to receive enquiries and not to initiate negotiations. Since then, all seem to be agreed, Unilever's interest has been dormant as it watched what is proving to be one of the more intriguing of current U.S. takeover bids evolve.

The evolution has involved the increasingly standard bid defence from Gerber—lawyer going to court, alleging potential anti trust infringements. Anderson Clayton came back with a more subtle and unusual response. It lowered the terms of it suffer from $40 to $37 a share (from $325m. to $300m. for the company), a move which seems to have provoked some Gerber shareholders.

Gerber is now in receipt of law suits from shareholders—alleging that managements attempts to block the Anderson Clayton offer are not in shareholders best interests, but in management's interests, and suggesting that management has deprived the shareholders of the $3 a share.

In order to understand Unilever's interest it is worth recapping the beginnings of the bid situation.

Bold proposal

Anderson Clayton, a Houston-based foods and oilseed processing company which was once the biggest cotton merchant in the world, announced that it was ready to make a $325m. offer for Gerber on April 18.

The announcement seems to have stirred up the wrath of the Gerber management at its headquarters in the isolated mid-Western village of Fremont, Michigan.

The proposal was a bold one, for Anderson Clayton's own market capitalisation is currently around only $272m. Anderson Clayton sales revenues, at $769m. (excluding the $550m. for its unconsolidated majority-owned Mexican and Brazilian interests) are substantially larger than Gerber's $404m., however.

More important, from Anderson Clayton's view was that the acquisition of Gerber would have increased from around 5 per cent. to 30 per cent. the contribution which consumer foods made to its annual profits.

For the bulk of Gerber's profits come from baby foods, whereas Anderson Clayton gets half its profit from oilseed processing and seeds. But it is trying to move away from its dependence on its commodity business and increase its consumer orientated operations.

Apart from its attractions in relation to Anderson Clayton's business strategy, Gerber has other obvious charms which will not be lost on Unilever if it ever decides to get more deeply involved.

In spite of its small town reputation, Gerber commands a dominating 70 per cent. of the U.S. baby food market (in competition with Heinz and Beech Nut). The trade name Gerber, is well known around the world.

Although in Europe, Japan, Australia and South Africa its products are produced by a licensee—CPC International—its own subsidiaries operate in South America. It earns a healthy return on capital of 16 per cent—more than Anderson Clayton's 12 per cent., for example.

What share analysts question is the company's management. Some suggest that considering the marketing power of the Gerber name the company has not exploited its potential for diversification to anything like the full. A little unfairly perhaps in view of the different product line, one analyst contrasted the marketing muscle which the Kellogg breakfast cereal company has brought to its operations with Gerber's marketing policy.

What no one doubts however is that the Gerber name can open up the supermarket shelves and a company taking over Gerber would want to make the most of its distribution system.

Which brings us back to Unilever. The company has made no secret of its desire to expand in the U.S., where it feels its base, although one of the larger foreign direct investments, is small in comparison with its overseas interests in other smaller economies.

Compared with its $15bn. world-wide sales, those of Lever Brothers and … Lipton operations of $1.2… modest. The Lipton … which dominate the U… market, with Nestle … behind, are highly pro… earning in 1976 $27.7m… Sales of $513m. In add… tea, the company sells … salad dressing, and is … portant force in these …

Number one

In marketing consum… ducts in the U.S. it pay… number-one, as Procter & Gamble and Campbell … have shown. Indeed, … Palmolive has in recent … been actively diversifying from the lines of busi… which it has been in … competition with Procter & Gamble, apparently … grounds that its scope … gress was limited.

Since Unilever's U.S. … tions in the U.S. … simpler and less diversified … they are elsewhere … world there is every … think that it would not … to moving into a new … business—baby foods be… possibility.

Another attraction of … cation is the U.S. expensi… be that it would be … clear anti-trust hurdles … especially since the … may well have decided … is no point going into … market as number two … or four in a product … by a strong brand … experience with Lever … U.S. detergent operation seem to argue against … acquisition policy.

For many reasons, it … Gerber might look like … target but its a long w… such logical argument … announced tender offer. Unilever for its part is mum.

IBM's $2.7m. damages order

BY JOHN WYLES

NEW YORK, Sept. 19.

INTERNATIONAL BUSINESS Machines Corporation has been ordered to pay $2.7m. damages by a federal jury for allegedly trying to destroy the business of Forro Precision Inc., a California computer parts manufacturer.

The damages award is based on Forro's claim that in June 1973 IBM "acting together with others, seized plantiff's business records, including confidential pricing information and blue-prints." Forro's complaint went on to allege that this was done by IBM "for the purpose and with the intent of destroying plaintiff's business and impeding and eliminating competition in peripheral devices and computer components."

Despite the damages award, Forro failed to win a verdict on its claim that it was the victim of monopolistic antitrust practices by IBM. The San Francisco jury proved unable to decide this point and Forro is seeking a retrial of the antitrust allegations from which it was seeking up to $24m. in treble damages.

Mr. Frank Cary, IBM's chairman, said he was disappointed that the jury had not reached a decision on the antitrust charges "since we are confident of our position."

He went on: "It is difficult to understand the award to Forro since the 'interference' was related to a search of Forro's premises by the police with respect to IBM trade secrets. We intend to appeal."

Prospects for Bo…

RECORD HIGH earni… Borden Inc., the New Yo… food and chemical comp… in prospect for this y… A. R. Marusi, the chairm… on Monday.

Addressing a meeting … vestors in London, Mar… that the company … average annual growth … 10 per cent., which "we … a reasonable objective, g… trend of our performan… cent years." For the … months of 1977, earnin… $64.4m., or $2.07 a sh… 15.4 per cent. from … earlier. AP-DJ reports.

هكذا من الأصل

eping

[St]ate loan for Uddeholm

[BY WI]LLIAM DULLFORCE

STOCKHOLM, Sept. 19.

[...]M, the hard-pressed [st]eel and forest products [comp]any, is getting a [...]£70m.) loan from the [...]t, to ease its cash [...]d give it time to effect [...]cturing and ration[alisation p]rogramme which it [...]t year under its new [...] director, Mr. Gunnar [...]

[...]e of the loan suggests [...] non-socialist Govern[ment has] found an ingenious [...] for bolstering com[panies in] financial trouble with[out ...]ding against inter[national] trade rules.

[Ann]ouncement of the loan [...] with publication of [...]s first-half results, [...]w a pre-tax loss of [...]£22.6m.) before extra[ordinary] items. The figure [...]r.45m. in stock gains. [...]es with a loss of [...] the previous half and [...] the first half of 1976. [...]w by 17 per cent. to [...] (£147m.) compared [...]st six months of last [...]he major part of the [...]as contributed by the [...] special steel works [...]on Stora Kopparberg. [...]own of the operating [...]s that the steel and [...]luct sectors recorded [...]ectively of Kr.113m. [...]n. The group earned its power stations and its forest exploita[tion ...]er and board prices [...]erage lower than in [...] steel prices with the [...]f some tool steels and [...]ucts remained un-

The management strategy for 1977 has been to reduce the heavy stocks built up since 1974. This has been effected at the cost of very low capacity utilisation (only 50 per cent. at some steel plants and at the ingot rolling mill) and low profitability. Despite a decrease of some 1,000 in the number employed costs rose by 17 per cent. compared with the first half of 1976.

Uddeholm's problem is that in 1974 it launched a major investment programme at the same time as it was caught with heavy stocks built up in anticipation of an expanding market. When the recession produced an earnings collapse in 1975, instead of being able to finance the investment programme from profits, Uddeholm had to borrow even to cover its losses.

The financial burden has grown to enormous proportions. In the first half new long-term borrowing totalled Kr.504m. and net interest expenditure grew to Kr.65m. from Kr.41m. in the previous half and Kr.33m. in the first six months of 1976. The group had liquid assets of Kr.137m. at the end of June.

The 10 per cent. devaluation of the krona is expected to have only a marginal effect on Uddeholm's performance in the second half and the management anticipates an even bigger loss. This implies that the group will turn in a loss of over Kr.400m. for the year as a whole.

The government loan is motivated by the fact that Uddeholm is the biggest employer in Varmland county. Even so the restructuring programme will probably result in the loss of some 1,500 jobs in 1978 on top of the 1,000 which have disappeared this year.

The loan has some unusual features and could set a precedent for the non-socialist government's aid to private companies in difficulties. It is a so-called "conditional loan" usually given for development projects and repayable only if the project becomes profitable.

Uddeholm will start repaying the loan only when it is able to renew dividend payments to shareholders. In the meantime, the interest, based on the long-term bond rate, will be added to the principal.

The loan can be booked as a taxed grant and taken as income, not as a liability, so that if the company chooses to take the whole sum this year, it could show a 1977 profit of around Kr.150m. Moreover, by allocating the sum to its almost depleted inventory reserve, Uddeholm need not pay tax on it for 1977. The loan will, therefore, neither lower the group's solvency nor reduce its further borrowing capacity.

The loan entitles the government to appoint a representative to the Uddeholm Board. Further funds will have to be raised before Uddeholm can complete its restructuring and the State Investment Bank whose director, Mr. Arne Callans, negotiated the Kr.600m. loan on behalf of the government, has indicated its readiness to finance further investments "which meet reasonable demands on profitability."

[Pu]blic offer in Nanyang Press

[BY OUR] OWN CORRESPONDENT

SINGAPORE, Sept. 19.

[...]E'S PUBLIC Trustee [...]d to announce this [...]offer to sell 4.98m. shares in Nanyang [...]gapore (1975), the [...]f one of Singapore's [...]inese language news[paper N]anyang Siang Pau.

[...] by the Public Trustee [...]made in compliance [...]ewspaper and Print[ing Presses (Ame]ndment) Act 1977 [...]e into force in July

[...] limits ownership of [...] companies in Singa[pore req]uiring shareholders [...]e of more than 3 per [...]ewspaper companies [...]e capital is less than [...]ce their excess shares [...]blic trustee who will [...]hem on their behalf.

[...] the enforcement of [...] July, Nanyang Press [...]ed capital of almost [...]l was 99 per cent. [...] a holding company, [...]ress.

[...]n. Ordinary shares of [...]n offer constitutes 96 [...]f Nanyang Press cur[...]l of S$5.19m. which [...] 5.138m. Ordinary [...]l 51,900 management

[...]res are expected to [...] at a premium of five [...] share.

[...]ary data from the [...] shows net tangible assets per share of S$1.01. Pre-tax profit for the year ended July 1977, implying gross earnings per share of 34 cents.

The company has been trading profitably for the past few years. No dividend, however, has been paid since 1975 as no tax credit reserve was available to the company. A gross dividend rate of no less than 5 per cent. is believed to have been projected for the current year ending in July 1978.

Listing of the Ordinary shares on the stock exchange of Singapore is believed to have been granted in principle.

The management shares which have been issued in compliance with the Act to approved persons will have the same rights and privileges as Ordinary shares except in the case of resolutions relating to the appointment or dismissal of directors or staff, whereupon each management share will carry 200 votes instead of one.

The share issue which will be managed and underwritten by the development bank of Singapore will make Nanyang the second Singapore newspaper company to seek listing on the stock exchange.

s order

Boustead BHD ahead

KUALA LUMPUR, Sept. 19.

NET PROFITS of Boustead *Holdings BHD have increased by* 32 per cent. according to unaudited figures released by the company for the first half of 1977.

Sales for the six months rose to 40.2m. Ringgit from 33.21m. and net profits increased to *2.35m. Ringgit from 1.78m.*

Results for the half year have been "very satisfactory" and the same level of earnings can be achieved in the second half.

* * *

The Malaysian government will *form a special bureau soon to* assist multinational corporations in setting up regional headquarters here. The bureau would deal with all aspects of applications to open offices, including immigration, tax, passport and financing matters.

Speaking at Kuala Lumpur international airport before leaving for a visit to Japan and the U.S., the Prime Minister said many inquiries had been received from multinational corporations about setting up their south east Asia and Asia-Pacific *region headquarters in Malaysia.*

[...]AYS REVIEW

[Revi]ew on LDC borrowings

MEXICO

[BY FRA]NCIS CHILES

[...]d REGARDING the Less Developed [...] (LDCs) current [...]sition, and implicitly [...]y to pay, at present [...]e well founded." At [...]ime, the latest issue [...] Review warns that [...] cannot be expected [...] net exporters of [...] the next five years, [...]hen the majority of [...] credits from the [...]s fall due.

[...]nt optimism is based [...]r of factors: a 6 per [...]vement in the terms [...]ast year, generally [...] food crops and "a [...]elt tightening."

[...]ew also points out [...]IF, by re-scaling the [...]rent account balances [...]Ds for the period [...]llow for inflation and [...]n of GNP, has shown [...]sent size of the non[...] not inordinate. "In last year's deficit was [...] than that incurred during the slump in commodity prices in 1970-71."

However, aggregated figures are only of "limited use." Several countries, notably Argentina, Chile, Taiwan and Malaysia, reverted to surplus positions last year, while South Korea made significant gains, as did many of the smaller coffee exporting countries in Latin America and Africa.

Deliberate Government policies to curb domestic *demand and restrict* imports played a role, as did the windfall gains resulting from favourable *movement in terms of trade.* East Asian countries in particular improved their positions thanks to "their resourcefulness in expanding export volumes enormously, thus bearing out the Euromarket's confidence in their ability to service future debt."

Such has not been the case of other larger borrowers such as Mexico, Brazil and Peru, which have failed to increase their exports in any significant way and whose deficits remain, whatever the improvement in their *current* account position, relatively high.

Optimism centres also on last year's $12bn. increase in foreign exchange reserves. Here again, the Review notes "aggregates can be misleading."

Large increases were noted in Brazil, India, Argentina and a string of other countries, but the story in Peru, Zambia and Sudan was one of decline. Also, *it is worth remembering* that "much of the improvement is merely a reflection of substantial borrowing in excess of last year's deficit, undertaken to reassure this year's bankers."

The net foreign asset position—that is gross foreign exchange reserves less foreign liabilities—of most LDCs, with the notable exceptions of South Korea, Taiwan, Malaysia and India, "showed more modest gains, and in cases such of those of Argentina, Egypt, Zambia and Sudan, remained negative."

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
a 8½pc 1989	100⅞	101⅜
7	98½	99
1992	98⅝	99½
& S. 9¾pc '92	100⅞	101⅜
8½pc 1992 ...	99½	100¼
1992	102⅜	103⅛
wy. 8½pc '86	101¼	102
8¼pc 1986 ...	99½	100¼
1984	102	102⅞
......	102½	103
......	99½	100
......	100⅞	101¼
......	101¼	102
1989	100½	101¼
Nov.	103¾	104¼
r 8½pc 1984	100⅞	101¼
e 1992	101⅞	102¼
9pc 1992 ...	100	100⅞
......	100¼	101
pc 1986	104½	105
del 9pc 1992	101⅞	102¼
on 9½pc 1991	102⅞	104½
983	102¼	103¼
n. 8½pc 1992	100⅞	101
rd 8pc 1987	97⅞	98½
er 9pc 1986	103	103⅞
9pc 1989 ...	102	102¾
Bk. 9pc '93	100¼	101
989	100½	101
pc 1992 ...	100½	101¼
......	102½	103¼
es 9pc 1991	100¾	101¼
wn. 8½pc '86	102½	103¼
onal 9pc '87	100	100⅞
......	98½	99
6¾pc 1989 ...	97½	98¼
la 9pc 1991	102	102⅞
......	97⅞	98½
om) 8¾pc '87	99⅞	100¼
9pc 1989 ...	100	100⅞
March ...	98½	99
1984	98⅝	99⅜
pc 1987 ...	100⅜	101½
dro 7¾pc '85	97⅞	98½
ic 8½pc 1984	102	102⅞
8pc 1986 ...	102⅞	103½
......	96	97⅞
......	99¼	99⅞
......	98⅞	99½
......	98½	99

	Bid	Offer
Enso Gutzeit 8½pc 1984 ...	99	99¼
Gotaverken 7¾pc 1982	99½	100
Kockums 8pc 1983	100	100⅞
Michelin 8¾pc 1983	101⅞	102½
Montreal Urban 8¾pc 1981	101¼	102
Natl. Coal Board 8¾pc 1981	102¼	103
New Brunswick 8pc 1984 ...	100⅞	101½
Nw. Brunswick Pv. 8¾pc '83	103¼	104
New Zealand 8½pc 1986	102¼	103
Nordic Inv. Bk. 7¾pc 1984	97½	98¼
Norway 7¾pc 1982	98¼	99
Ontario Hydro 8pc 1987 ...	100	100⅞
Singer 8¾pc 1982	101⅞	102½
Sth. of Scot. Elec. 8¾pc '81	101	101⅝
Sweden (Kingdom) 7¾pc '82	99	99½
Swedish State Co. 7¾pc '82	99½	100¼
Telmex 9¼pc 1984	99⅞	100¼
Tenneco 7¾pc 1987 May ...	98¼	99
Volkswagen 7¾pc 1987	99½	100
D-MARK BONDS		
Austria 6½pc 1985	103⅞	104½
BFCE 7pc 1987	102½	103¼
Denmark 6½pc 1985	103	103⅞
EIB 6½pc 1984	103⅞	104⅜
Grand Met. 7pc 1984	99½	100¼
Hydro-Quebec 6½pc 1987 ...	99⅞	100¼
ICI 6¾pc 1987	103	103⅝
Montreal 7pc 1987	101	101⅝
Norsea Gas 7pc 1989	104¼	105
Norsk Hydro 6½pc 1989 ...	102½	103¼
Norway 5¾pc 1982	100⅞	101½
Shell 6½pc 1989	105	105½
Spain 6¾pc 1984	99¾	100¼
Sweden 6¾pc 1984	102⅞	103½
World Bank 6½pc 1987 ...	101	101⅞
FLOATING RATE NOTES		
Bank of Tokyo 1980 9pc ...	101⅜	102
BFCE 1984 7pc	98¼	98⅞
BNP 1983 6½pc	98¾	98⅞
CCF 1983 7pc	99⅞	100¼
CGMF 1984 6 13/16pc	97½	97⅞
Creditanstalt 1984 6⅞pc ...	97¾	98½
Credit Lyonnais 1982 6¾pc	99½	99⅞
DG Bank 1982 6¾pc	99	99½
GZB 1981 7¾pc	100¼	100⅞
Intl. Westminster 1984 6pc	98½	98⅞
Lloyds 1983 7¾pc	100¼	100⅞
LTCB 1982 6¾pc	98¾	99
Midland 1982 8pc	102¼	102¾

	Bid	Offer
Midland 1987 6 9/16pc	97⅞	98¼
OKB 1983 6½pc	99	99½
SNCF 1985 6¾pc	97⅞	98½
Stnd. & Chartered '84 6¾pc	98½	99½
Wms. and Glyns 1984 6¾pc	99¼	100
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¾pc '87	85	87
Ashland 5pc 1988	93	95
Beatrice Foods 4¼pc 1992	96½	98½
Beatrice Foods 4½pc 1992	108	112
Beecham 6½pc 1992	96⅝	99½
Borden 5pc 1992	104	106
Broadway Hale 4¾pc 1987	78	80
Carnation 4pc 1987	83	85
Chevron 5pc 1988	127	129
Dart 4¾pc 1987	82	84
Eastman Kodak 4½pc 1988	91	93
Firestone 5pc 1988	86	88
Ford 5pc 1988	86	88
General Electric 4¼pc 1987	85	87
Gillette 4¾pc 1987	78	80
Gould 5pc 1987	116½	118½
Gulf and Western 5pc 1988	82	84
Harris 5pc 1992	117	119
Honeywell 6pc 1986	89	91
Imperial Chemical 6½pc '92	97	97½
Imperial Chemical 5½pc '87	—	—
INA 6pc 1997	96⅝	97½
Inchcape 6¾pc 1992	105½	106¼
ITT 4½pc 1987	85½	87½
Jusco 6pc 1992	100⅞	101⅞
Komatsu 7½pc 1990	105	108
J. Ray McDermott 4¾pc '87	133	135
Matsushita 6½pc 1990	116½	117½
Mitsubishi Elec. 7¾pc 1991	146	147
Mitsui 7¾pc 1990	108½	110½
J. P. Morgan 4¾pc 1987 ...	102	104
Nabisco 5½pc 1988	99½	101½
Owens Illinois 4½pc 1987 ...	125	127
J. C. Penney 4½pc 1987 ...	78	80
Revlon 4¾pc 1987	109	111
Reynolds Metals 5pc 1988	92	94
Sperry Rand 4¼pc 1987	85½	87½
Squibb 4¾pc 1987	78	80
Texaco 4½pc 1988	83	85
Union Bank Swiss 4¾pc '87	109	110
Union Carbide 4¾pc 1982 ...	96	98
Warner Lambert 4¼pc 1987	83	85
Xerox 5pc 1988	82	84
Source: Kidder, Peabody Securities.		

AUSTRALIAN NEWS

Price rises lift BP Australia

BY JAMES FORTH

SYDNEY, Sept. 19.

BRITISH PETROLEUM Company of Australia boosted profit in the June half year from $A1.7m. to $A8.6m. The result compared with a profit of $A2.38m. for the whole of 1976 and on an annualised basis equalled a return on average shareholders' funds of 2.6 per cent. compared with only 0.4 per cent. in the previous year.

However, the directors consider that because of the effects of inflation, $A8.3m. of the $A8.6m. earnings is a direct consequence of price rises and resultant stock profits.

The Board has decided to reflect the whole of the goods component of the consumer price index in adjusting stock values, rather than the 50 per cent. recently allowed by the government for tax purposes.

The directors favour an acceptable form of inflation and consider that the realistic approach is to adjust the value of "cost of sales." The method they prefer is replacement cost but recognise that in times of rising prices this had the effect of lowering reported profits.

The decision on the method of stock adjustment had been taken as an interim measure until such time as business enterprises *and the government gave a more* positive response to the present debate on the use of current cost accounting concepts.

The BP Board also said they did not support the recommendation of the joint accounting bodies to transfer to a reserve an amount at least equal to the trading stock valuation adjustment used to decide tax expenses.

The group's cash position is down $A82.3m. over that at the end of 1976 but the Board said the liquid position remained strong. This healthy cash position should continue during at least the second half year and was a sound position to be in, especially in times of high interest rates, which appeared likely to continue in Australia for some time to come.

Two new bids worth $A16m.

THE CURRENT BURST of takeover activity is continuing with two more bids worth nearly $A16m.—a $A12.2m. offer for Western Australian building products group H. L. Brisbane and Wunderlich and a $A3.5m. approach for New South Wales meat group, Berrima district meats, reports James Forth from Sydney.

The Berrima offer came from Petersville Australia, the largest local food group, and tops an existing bid from Anderson Meat Industries. Anderson appeared to have the matter sewn up when it announced an offer of $A3.35 cash a share, backed by the Berrima Board's recommendation. Moreover, three Berrima directors with 15.6 per cent. of the capital accepted the Anderson price.

The Anderson announcement was followed by a sustained burst of market buying in Berrima at prices up to $A3.90. Petersville to-day confirmed that it was the buyer, and had picked up 32.8 per cent. of Berrima's capital from its market exercise. Petersville is offering $A3.90 cash for each Berrima share, well above the Anderson bid.

The Brisbane Wunderlich situation is more intriguing. Early this month a complicated deal was announced between Brisbane Wunderlich and Perth timber merchant and hardware group, Whittakers which would give each company a holding of about 28 per cent. in each other.

JAPANESE COMPANIES

Yen appreciation hits Sony third quarter

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Sept. 19.

SONY CORPORATION to-day announced falls in sales and profits for the third quarter of its fiscal year (ending July 31) as compared with a year ago. For the first nine months of the year, however, Sony is still breaking previous records and it expects sales to be up by 10 per cent. and profits by 15 per cent. for the year as a whole.

The figures for the third quarter alone are: sales Y122bn., down 0.5 per cent. on the year-ago figure and profits, at Y7.8bn., down 28 per cent. Sony attributes the sales decline almost entirely to the effects of the appreciation of the Yen on the foreign exchange earnings of Sony's overseas affiliates.

Sony's subsidiaries in Europe and the U.S. increased their sales and profits in local currency during the third quarter, but not enough to offset the revaluation of approximately 10 per cent. in the Yen against the dollar as compared with a year ago. Overseas sales in fact show a 3.5 per cent. decline for the quarter compared with a year ago whereas domestic sales were up by 4.1 per cent.

For the first nine months of its fiscal year Sony reports sales, at Y368.6bn., up 7.1 per cent. and profits up by 11.4 per cent. to Y28.5bn. Earnings per American Depositary Share work out at 50 cents compared with 44 cents a year ago.

A breakdown of Sony's sales by product shows video tape *recorders continuing to do extremely well* (up 19 per cent. on the third quarter of 1976) but most other items, including colour TV, tending to decline. Sony says it is now producing about 25,000 VTRs per month but is failing to keep up with demand. It claims a 60 per cent. share by value of the Japanese market for VTR: on the export side, one-third of total production of Betamax (half-inch tape) VTR is now being sold in North America.

Sony has produced and exhibited (at a recent Berlin electronics fair) prototypes of Betamax VTRs adapted to European broadcasting systems, but says it will not be able to start actually making sets for the European market until late next year. The European market will be supplied from a new plant which is now under construction.

Sony says it has received approaches from between five and ten European electronics manufacturers for licensing of the Betamex system. It claims to be "open minded" on the question of licensing—in other words it will do a deal with one or more European manufacturers if the terms are right. Sony is *planning to have its* shares listed on three Swiss stock markets (Basle, Zurich and Geneva) before the end of this year, apparently as part of its preparation for launching the Betamax in Europe.

Defending its record in other areas of consumer electronics, Sony says that although sales are generally down, its markets share (inside Japan) is tending to rise. The company claims a 15 to 19 per cent. share (*depending on the month*) of the Japanese colour TV market compared with last year's average share of 13 per cent. In some recent months Sony says it has held second place in the Japanese colour TV market, *coming immediately* behind Matsushita, the industry leader. Last year Sony was consistently *in fourth place*, behind Matsushita, Hitachi and Toshiba. Sony says it has plans to develop production and sales of large-size colour TV (that is, above 20 inches) in view of the fact that the now largely saturated Japanese market is beginning to show a taste for larger sets. It is admitted, however, that Hitachi has made the running in this area up to now.

Sony's investments in 1977 will be worth around Y30bn., more than double last year's Y12bn. to Y13bn., but will be funded entirely from internal reserves. The company rules out public offerings in Japan or elsewhere for the remainder of the year.

More aid for Chori

By Yoko Shibata

TOKYO, Sept. 19.

A FURTHER set of rescue measures which will remain in force for three years are being prepared for Chori Company, *one of Japan's leading textile* trading companies by four major banks.

The banks, Dai-Ichi Kangyo, Fuji, Sanwa and Mitsui Trust have agreed to let Chori suspend interest payments on loans amounting to Y60bn. (about £129m.) for three years starting from this month. This will save Chori about Y3.2bn. in interest payments in each of the three years.

At the same time the four contracting banks are urging *Chori's main customers (including* Toray, Asahi Chemical and Teijin) to help to tide the company over its difficulties. Other banks will be asked to apply prime interest rates on their loans.

Chori got into financial difficulties in 1975 as a result of excessive property investments and a protracted recession in the textile industry. The company is now under reconstruction with the support of its four main banks and three principle customers. However, the original rehabilitation programme has not progressed on schedule and will not, as hoped, be complete by the end of fiscal 1977.

Steel: where Korea rivals Japan at its own game

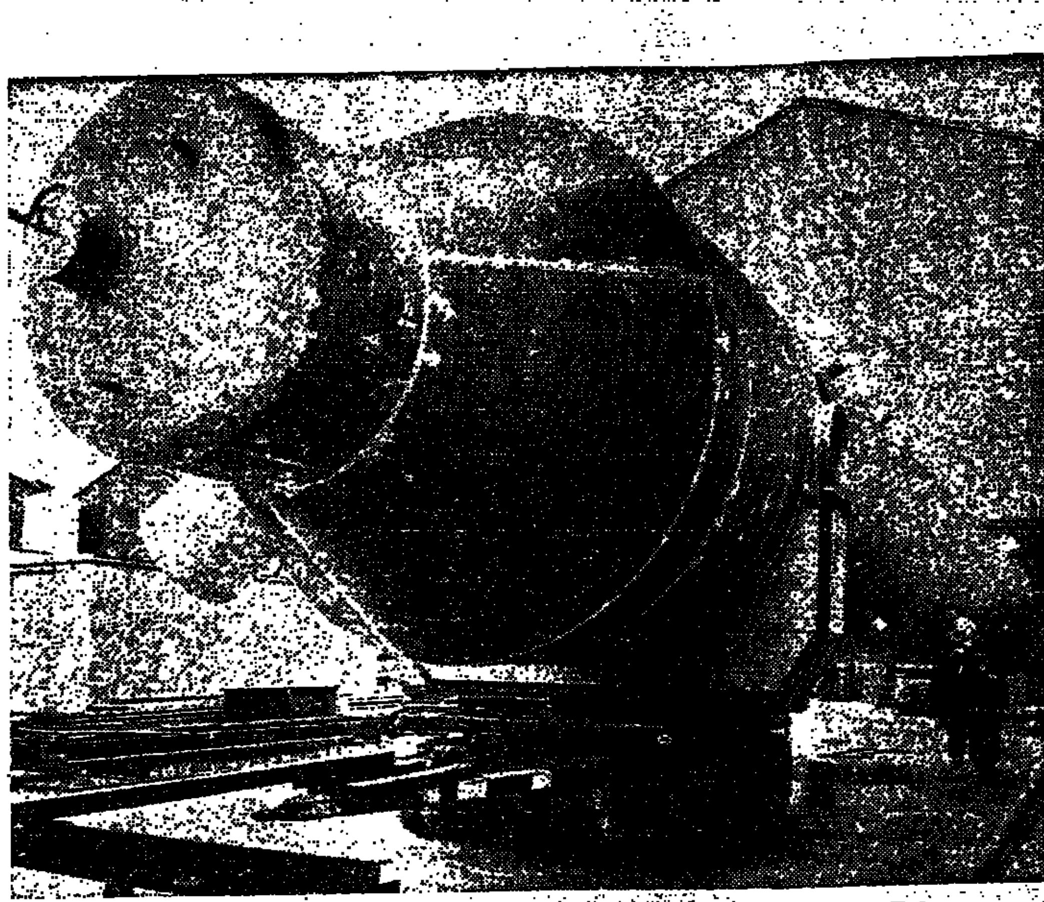
BY CHARLES SMITH recently in Pohang

IT IS hard to believe, but in 1967 when the South Koreans were planning to build their first integrated steel plant they approached a number of companies in Europe for help because they did not think that the Japanese had enough experience. To-day, the government-owned Pohang Iron and Steel Company is producing 2.6m. tons of steel a year, with productivity rates roughly 50 per cent. above those in the U.S. and marginally behind those in Japan.

Posco exports 25 per cent. of its output and will keep the export ratio at about that level as production builds to 8.5m. tons in the early 1980s. The bulk of the machinery and equipment for the plant, plus nearly all the ideas about layout and production planning came not from Europe or the U.S., but despite the initial doubts from Japan.

The history of Posco's start in life, which is also the history of one of Korea's major successes in the development of heavy industry, runs roughly as follows: in 1967 the Korean Government signed an agreement with a consortium named Kisa (Korean International Steel Associates) for the construction of a 600,000-ton per year capacity plant at Pohang. Kisa included steel manufacturing and heavy industrial companies from the U.S. and four European countries whose banks and/or Government were to provide foreign exchange for the project.

After signing the Kisa agreement Korea embarked on site preparation at Pohang. But in 1969 a World Bank study found that the project was uneconomic and the Kisa associates withdrew their offer of financing. It was then that Korea turned to Japan. The result was a new plan for Pohang which raised planned capacity by 60 per cent. (to 1.03m. tons in the first stage of the project). The Japanese and the Koreans got to work and the plant began to operate in July 1973. Japan had provided virtually all the equipment for the first stage with the exception of a plate mill bought in Austria.



A distillation column, 98½ feet long, leaves Air Products' Welsh works for Pohang.

In the subsequent stages the Koreans are trying to diversify back towards Europe: stage two which came on stream in May of last year included equipment from the U.S., France, West Germany, and Austria. Stage Three, on which work began this summer, adds supplies in Belgium and Britain (an oxygen plant being constructed by Air Products) to this list. Pohang, nonetheless, is the project that made the point that steel plants can be bought in places other than Europe or the U.S. The Koreans hope to demonstrate this further in future by exporting steel plants themselves.

Like all the big plants in Japan, Pohang is on a deep-water coastal site with its own port and unloading facilities. Iron ore comes in from Australia, Brazil, and India (under ten-year contracts which were copied from the Japanese model). Steel products go out direct from the other side of the port to the 27 overseas markets to which Posco is exporting, including the U.S. and the EEC. The south-east corner of Korea was chosen for the steel plant because that happens to be virtually the only part of the Korean coastline which has a moderate tidal flow (only 18 centimetres normally, compared with a 17 metre ebb and flow on the west coast).

When Posco started work at Pohang there were 55,000 people in the area including 1,300 households which had to be cleared to make way for the steel works. Pohang now has a population of 155,000 and is still growing fast. Posco has got into the housing business, constructing neat western-style houses which are sold to company employees at a price of Won4.5m. (about £5,300) with one-third of the price provided by the company as a 20-year interest-free loan, and another third available as a low-interest-rate loan from a housing bank. It has also got into the leisure business. The Posco football team has won the Korean National Football League for two successive years.

The main difference between Posco and the giant Japanese plants on which it is modelled are:

1—It is not, and never will be, on quite the same scale as some of the Japanese originals. Its eventual capacity of 8.5m. tons has to be compared with the 14m. ton capacity of the Fukuyama plant which is the largest in the world. Pohang's biggest blast furnaces, with an eventual daily capacity of 7,500 tons each, have to be set against the 10,000-ton-plus capacity furnaces the Japanese are building.

2—The Koreans are not, and will not be, spending as much on pollution control as the Japanese. It will account for 12.7 per cent. of the which Posco will be on the third stage of sion programme. Japanese steel manu are now devoting up cent. of their total in new plant to anti

3—Korean labour is probably remain, much than Japanese labour Posco managers avoid precise figures for w salaries but do say tha costs account for abo cent. of total operati against roughly 25 per Japan.

Steel making in Kore bear some costs which borne in Japan, or no same scale. Chief amo is the high cost at the of depreciation of Posc new equipment (as with the equally mod less recent plant in Jap the cost of servicing worth of foreign credi have had to be raised first two phases of the tion programme into The overall result, ho that steel costs about amount to make in Kor as it does in Japan. Tha of course, that it costs deal less than in any country. Posco's pro rating is claimed to be per man per year co pared with 358 tons (according to Korean and 204 tons in the U.S

It is a limitation upo that it does not different kinds of tensile steel is not produced, and the types and sizes of steel are fewer than available from a big plant. This is one Korea remains a steel importer as well a growing exporter will fall as production becomes more compl (and when Korea's second integrated ste probably some time in 1980s). Exports will rest of the world to over 2m. tons in 1980s, and perhaps great deal more therea

مكتبة الأصل

APPOINTMENTS

هكذا من الأصل

Managing Director

Large Industrial Complex
United Arab Emirates

c.£50,000 tax free

A Managing Director is required for a large industrial complex in the United Arab Emirates. Only proven and successful top management should apply for this unique opportunity.

Salary will be negotiable and is likely to exceed £50,000 per annum, tax free, with full fringe benefits.

Apply in strictest confidence with full particulars to Director of Personnel, Hill Samuel & Co. Limited, 100 Wood Street, London, EC2P 2AJ, who is acting on behalf of a client.

SENIOR TRADING MANAGEMENT POSTS

Opportunities exist for ambitious, hard-driving administrative sales professionals to work—each in a specific field—with an expanding U.K. company now concentrating on Middle Eastern areas.

These are departmental management and executive functions which will involve *highly efficient agency representation, key negotiating ability and willingness to* travel wherever and whenever necessary to pursue business.

The posts to be filled are in the following departments:

1. Industrial Machinery, Equipment and Materials.
2. Oilfield and Petrochemical Equipment.
3. Construction Equipment.
4. Building Materials.
5. *Domestic and Office Furniture and Furnishing.*
6. Electrical Generation, Transmission and Distribution.
7. Chemicals.
8. Medical, Hospital, Laboratory Equipment.
9. *Commodities.*

Limiting factors will not be age or academic distinction but convincing proof of solid and successful experience in these work areas.
As the sales management strength we are now seeking is vital to the Company's growth *remuneration, profit-sharing and other incentives are high if you have the* qualities we need.

Apply in writing to:—
EURO-KUWAITI INVESTMENT CO. (U.K.) LTD.,
144, Wigmore Street, London, W.1.

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

A senior, challenging and important appointment

HEAD OF COMPUTER MANAGEMENT SERVICES

HONG KONG **£17,000-£22,000 income tax 15%**

MAJOR INTERNATIONAL TRADING GROUP

We invite applications from Candidates aged 35-45, who have acquired at least 5 years' computer project management experience in setting up and managing large projects, or a similar amount of experience controlling the management services in a large group. Heading up the in-house computer services, the successful Candidate's initial brief will cover the efficient transfer of existing work from bureaux onto the newly installed in-house ICL 2904 computer and the identification of new work. The ability to work closely with, and advise Senior Managers within the Group, assess their priorities and implement the approved recommendation is vital. Initial salary negotiable £17,000-£22,000 (income tax 15%) — contributory pension, furnished accommodation and childrens' education allowances and passages, leave passages, six weeks' annual leave. *Applications in strict confidence under reference HMS3807/FT, to the Managing* Director:

A challenging opportunity offering scope in the future to broaden experience in general management and administration

PERSONNEL MANAGER

CITY **£7,500-£9,500**

MAJOR U.S. INTERNATIONAL CORPORATE BANK

This appointment is open to applicants preferably aged 27-32, and educated to degree level, who have acquired at least 3 years practical experience in the personnel field, preferably in a service industry or a smaller environment. The successful candidate will take charge of the personnel function in the Bank's London branch and with the support of an able and experienced team will be responsible primarily for recruitment, job evaluation, salary and benefit administration, the interpretation of current employment legislation and employee relations. An important aspect of this exacting role is the ability to think creatively and to deal effectively at all levels. Initial salary negotiable £7,500-£9,500 together with an attractive range of fringe benefits which includes a low-interest cover and B.U.P.A. etc. plus assistance with removal expenses if necessary. *Applications in strict confidence under reference PM3805/FT, to the Managing Director:*

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE 01-588 3588 or 01-588 3576. TELEX 887374.

MERCHANDISE CONTROLLER

Non-Food

Retail Group **About £16,000 p.a.**

This is the top Non-Food position in a multi-£million national retailing Group and carries prime responsibility to the Chief Executive for trading policy and business development. The job directs central buying, sets and monitors *in-store targets, specifying merchandise* and having a strong influence upon in-store merchandising, layout and promotions.

The appointment is open to men or women in their 40's, well experienced at senior management level in Non-Food Merchandise Control, probably in a department store complex. Their backgrounds should denote a breadth of Non-Food experience, a flair for anticipating trading trends, particularly in fashion, and confirm their ability to increase market share and profit in this competitive business sector.

Starting salary is negotiable as indicated with car and removal help to northern England.

Please write in confidence to H. C. Holmes, Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE.

Bull Holmes

Manager International Banking

The Co-operative Bank is expanding *at an unusually fast rate. From a well* established base as a member of the London Clearing Banks we have developed a full range of services, which *have produced exciting results* in terms of growth. This has now reached the point where we must strengthen and develop our *international business and we are* looking for a top-flight professional man or woman to head up this operation.

You will accept complete responsibility for the activities in the international field, reporting to the Assistant General Manager, City and International, and liaising where necessary *with other senior* management in the formulation and development of policy and the expansion of a comprehensive *international service.*

We see you as a qualified banker, fully conversant with all relevant procedures, experienced in international *lending and with a sound financial* background. It is unlikely that those under 30 will as yet have gained sufficient experience for this post. *However, if your age and experience do* not match this demanding brief we would still be *interested in hearing from* you *regarding the other appointments* that our growth programme is likely *to create in this department.*

The salary for this senior position will reflect the responsibility involved and all usual banking benefits apply.

Please write with full details to:

R. J. Gorvin, Personnel Manager,
Co-operative Bank Limited,
PO Box 101, New Century House,
Manchester M60 4EP.

Co-operative Bank Limited

ENTERTAINMENTS GUIDE (Cont.)

THEATRES

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. ROYAL SHAKESPEARE COMPANY. Tonight, tomor. 8.0—Howard Barker's THAT GOOD BETWEEN US (not suitable for children). "Thrilling spectacle." Times. All seats £1.50. Advance bkgs. Aldwych. Stdnts day of perf. Aldwych until 7 pm. 1.00 then Warehouse. Students £1 day of perf. from Warehouse.

WESTMINSTER. 834 0283. Evs. 3. Sats 5.30 and 8.15. Mat. Wed. 3. BARBARA MULLEN. JOYCE HERON, JULIAN HOLLOWAY. ARSENIC AND OLD LACE. Classic Comedy thriller for all the family. "London's funniest revival."

WHITEHALL. CC. 01-930 6692-7765. Mon.-Fri. Evgs. 8.15. Sat. 7.0 and 9.0. FIONA RICHMOND. "Incredible acting talent." E.Std. "DIVINE, a performance of outrageous splendour." D.T. in THE OUTRAGEOUS COMEDY. WOMEN BEHIND BARS with SWEET WILLIAM. "unsloping everything in sight." F.T. and HIGH POWER CAST. Should have Mary Whitehouse rushing to the barricades to protect the purity of the nation.

WINDMILL THEATRE. CC. 437 6312. Twice nightly at 8.00 and 10.00. PAUL RAYMOND presents RIP OFF. THE EROTIC EXPERIENCE OF THE MODERN ERA. "Takes to unprecedented limits what is permissible on our stage." Evg. News. You may smoke and drink in the auditorium.

WYNDHAM'S. 836 3028. Mon.-Fri. 8.00. Sat. 5.15 and 8.30. Matinees Wed. 3.0. Maggie Fitzgibbon, Gay Soper, David Kernan and Robin Ray in the BRILLIANT MUSICAL ENTERTAINMENT. "People" SIDE BY SIDE BY SONDHEIM. "GO TWICE." S. Morley, Punch. "GO THREE TIMES." S. Barnes, NYT. Trans. to Garrick Theatre on October 4.

WYNDHAM'S. CC. 836 3028. Transfers from Royal Court Theatre on October 4. "ENORMOUSLY RICH. VERY FUNNY." Times. Mary O'Malley's smash-hit comedy ONCE A CATHOLIC. "Sure-fire comedy on sex and religion." Daily Telegraph.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: EXORCIST II—THE HERETIC (X). Wk. & Sun. 2.00, 5.20, 8.20. 2: A STAR IS BORN (AA). Wk. & Sun. 2.00, 5.10, 8.10. 70mm Stereo sound.

CAMDEN PLAZA, Camden High St. (opp. Camden Town Tube). 485 2443. Hitchcock Double Bill: THE 39 STEPS (A) 2.55, 6.05, 9.20. THE LADY VANISHES (A) ... YOUNG AND THE INNOCENT (A). 1.35, 4.30, 7.45. TILL WED. 21 SEPT.

CURZON, Curzon Street, W.1. 499 3737. ROBERT ALTMAN'S 3 WOMEN (AA). At 1.50 (not Sun.) 4.0, 6.15 and 8.40.

LEICESTER SQUARE THEATRE (930 5252). A BRIDGE TOO FAR (A). Sep. progs. Wk. 3.00, 7.45. Seats bkble. for 7.45 p.m. prog. Mon-Fri and all progs. Sat. and Sun. except late shows.

ODEON, Leicester Square. (930 6111.) NEW YORK, NEW YORK (A). Sep. Progs. Wk. 1.25, 4.30, 8.00.

ODEON, Marble Arch. (723 2011 2.) A BRIDGE TOO FAR (A). Sep. progs. Wk. 3.00, 7.45. Advance booking 7.45 perf. Mon.-Fri. Both perfs. Sat. and Sun.

PRINCE CHARLES. Leic. Sq. 437 8181. Fellini's CASANOVA (X). Sep. Perfs. Dly. (inc. Sun.) 1.30, 5.00, 8.30. Late Show Fri. and Sat. 11.45. Seats bkble. except 1.30 perfs. Lic. Box office Dly. 10-8. Sun. 2.30-8. Licensed Bar.

SCENE 1 AND 4. Leic. Sq. (Wardour St.) 439 4470. SCENE 1: THE STREETWALKER (X). Progs. 1.20, 3.25, 5.25, 7.30, 9.30. Late Show Fri. and Sat. 11.35. SCENE 4: The Original EMMANUELLE (X). Progs. 1.05, 3.40, 6.15, 8.50. Late Show Fri. and Sat. 11.25.

STUDIO 1. Oxford Circus. 437 3300. THE MESSAGE (A). Arabic Version. Sep. Perfs. Seats bkble. 12.00, 3.45, 7.30. Sun. 3.45, 7.30.

STUDIO 2. Oxford Circus. 437 3300. THE MESSAGE (A). English Version. Sep. Perfs. Seats bkble. 12.30, 4.15, 8.00. Sun. 4.15, 8.00.

ART GALLERIES

OMELL GALLERIES. 40, Albemarle St., Piccadilly, W.1. Fine 20th Century British and European Paintings and large selection of MARITIME PAINTINGS.

GILBERT PARR GALLERY. 285, Kings Road, Chelsea, S.W.3. BARBARA RAE —Coastscapes. BARCELO—Theatre of Life Paintings until Oct. 1st. Tues.-Fri. 9.30-1 pm. and 2-5 p.m. Open all day Saturday. Closed Monday.

THE PARKER GALLERY. 2, Albemarle Street, Piccadilly, W.1. Exhibition of old marine, military and sporting and topographical prints and paintings and ships' models.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45, 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW. "THE GREAT BRITISH STRIP" Show at Midnight, also 1 a.m. Hostesses. Mon.-Fri. Closed Saturdays. 01-437 6455.

GOURMET

GALLIPOLI RESTAURANT, off Old Broad Street, E.C.2. Opens every day for lunch, dinner and dancing until 3 a.m. Cabaret twice nightly at 10.30 p.m. and 1.15 a.m. Mon.-Sat. £8. Telephone 588 1922.

"A FLOWER FOR ALL SEASONS"

An exciting new idea in gardening catalogues, 100 of our best and most reliable plants, trees and shrubs illustrated in full colour and each described in its particular flowering season. Makes planning all-the-year-round colour easy and rewarding. Available now at 40p.

WATERERS SUNNINGDALE NURSERIES LTD.
London Road (A30) Windlesham, Surrey
Tel: Ascot (0990) 20426

ATTACHE OR STOCKBROKER'S CLERK

wishing to develop own personal investment clientele, offered facilities and assistance by small member firm of London Brokers. In confidence to: Box A.6058, Financial Times, 10 Cannon Street, EC4P 4BY or telephone 01-949 4245 (evenings)

COMMODITY APPOINTMENTS LTD. require Physical and Futures Traders, Trainees, Accountants and Support staff. Tel.: 01-439 1701.

CONTRACTS AND TENDERS

REPUBLIC OF ARGENTINA

TREASURY DEPARTMENT

ARGENTINE GOVERNMENT OILFIELDS
YACIMIENTOS PETROLIFEROS FISCALES

YPF

INTERNATIONAL PUBLIC TENDER No. 14-870/77

ARGENTINE GOVERNMENT OILFIELDS (YACIMIENTOS PETROLIFEROS FISCALES) calls bids for International Public Tender No. 14-870/77 to contract services for exploration, exploitation and development of hydrocarbons in areas located in Isla Grande de la Tierra del Fuego and in the adjacent continental shelf (Republic of Argentina).

From September 15, 1977 (8.45 a.m. to 12.30 p.m. and from 2.15 p.m. to 3.30 p.m.) tender's specifications will be made available at AVENIDA ROQUE SAENZ PENA 777 (Office No. 5), BUENOS AIRES, ARGENTINA.

All interested in participating are invited to present corresponding proposals on January 17, 1978, before 11.00 a.m. The proposals should be placed in two separate envelopes, hereinafter referred to as "A" and "B," and both contained in a general envelope. Cost of tender conditions: U.S.$50,000.00 payable in Argentine currency at the rate of exchange ruling for closing seller price as quoted by BANCO DE LA NACION ARGENTINA the day before the date of sale.

MANAGING DIRECTOR

As a result of internal promotion GENERATED BY THE GROUP'S RAPID DEVELOPMENT a vacancy exists for a Managing Director of our main subsidiary *Silentnight Limited*, the largest unit manufacturing mattresses, divans, headboards and the components thereof with approximately 750,000 sq. ft on 3 sites and 1,200 employees

The successful applicant will be between 40 and 50 years of age and have previous experience of fast moving consumer durables. Although formal qualifications in one or *more disciplines would be useful, a very* experienced team will demand a high degree of commitment and dedication from a person whose leadership qualities are above average

The salary will be between £15,000 and £17,500, plus a bonus. Pension, B.U.P.A., removal expenses and other fringe benefits are generous, and a Granada 2.3L car will be provided

The successful applicant will be expected to reside locally and certainly not more than 10 miles from Barnoldswick within 3 months of appointment.

Send or phone for application form to

Chairman,
Silentnight Holdings *Limited*,
Silentnight House,
Salterforth, Colne,
Lancs. BB8 5UE.
Tel: 0282 812711

SILENTNIGHT

A MEMBER OF THE SILENTNIGHT GROUP OF COMPANIES

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Further losses on economic fears

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 19.

FURTHER LOSSES were scored on Wall Street to-day, following the latest signs of slower economic growth, such as the report last week of a 0.3 per cent. decline in August Industrial Production and a smaller rise in U.S. Personal Income.

Closing prices and market reports were not available for this edition.

By 1 p.m. the Dow Jones Industrial Average was down another 4.59 to 852.22 and the NYSE All Common Index further declined 27 cents to $52.52, while losses led advances by nearly a two-to-one majority. Trading volume, however, decreased 2.9m. shares to 11.27m., compared with 1 p.m. last Friday.

Rising interest rates also remain a factor in the wake of the widely-followed increase in the prime interest rate, initiated last week by Chase Manhattan Bank.

Sambos Restaurants, the most actively traded stock, was halted at $20 after it announced it received several acquisition offers.

IBM shed $2¼ to $257, **Data General** $1⅞ to $46⅝, **Digital Equipment** $⅞ to $45¼ and **Honeywell** $¼ to $45¼.

U.S. Rubber Reclaiming dropped $2⅜ to $13⅛—it ended merger talks with **Chagrin Valley**.

Applied Digital Data gained $⅝ to $18⅞ but **Crown Zellerbach** lost $1 to $33¼.

Zenith Radio, also heavily traded, declined $⅞ to $14⅝—it plans to halt some research services and lay off workers.

Gerber Products, which dropped its suit against **Anderson Clayton**, was indicated at $28 to $29½, last $34¾. **Anderson Clayton**, which eased $½ to $20¼, withdrew its offer for Gerber.

Prices were also broadly lower on the American SE, where the Market Value Index was down 0.36 at 117.97, while the trading volume decreased 410,000 shares to 11.45m. compared with 11.86m. last Friday.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Falcon Seaboard	254,700	28	+1½
Sony	212,500	8⅜	+⅛
Brunswick	222,000	12⅞	−⅛
U.S. Steel	204,900	29⅞	−1
Caterpillar Tractor	187,500	53⅞	−⅛
Inter. Tel. Tel.	168,000	30⅞	—
Dow Chemical	169,400	31⅞	−⅜
J. C. Penney	161,700	36⅞	+⅛
Warner-Lambert	152,400	25⅞	—
Bank America	151,300	23⅞	+⅛

OTHER MARKETS

Canada depressed

Prices remained depressed in moderate noon trading on Canadian Stock Markets yesterday. The Toronto Composite Index fell 2½ points and nine of the 14 sub-indices were lower, but the Golds Index jumped more than ten points in response to rising gold prices.

Canadian International Power "A" fell $1⅛ to $21¼ and **Northern Telecom** shed $1 to $28⅝. **Dome Petroleum** at $39⅝. **Imperial Oil** at $19⅞, **Consumers Gas** at $15⅞ and **Alcan Aluminium** at $26½ each shed $⅛.

PARIS—Market eased slightly in quiet trading with political divisions in both the Government majority and Left Wing opposition remaining a dominant influence.

Banks were mixed, while Stores, Electricals, Metals and Chemicals lost most ground.

Americans and Oils followed the weaker tendency on Wall Street, while *Germans were significantly* lower. Only Golds showed any strength.

BRUSSELS—Most shares were lower in fairly active trading.

Cockerill, Tabacofina and **Arbed** each rose against the general trend, while **Asturienne, Vieille Montagne, Hoboken, Clabeq** and **GB-Inno-BM** each declined.

U.K., Canadian and French shares eased, while Dutch and German issues were little changed. Lower U.S. stocks were mainly lower. Gold Mines were firm.

AMSTERDAM — Market fell across a broad front in quiet conditions. Traders were reserved ahead of to-day's 1978 Budget announcement.

Dutch Internationals were lower. **Unilever**, however, rose Fls.0.3 to 125.8.

Transports were mixed, while Banks, most Insurances, Trading and Industrial stocks fell. Exceptions were **Ennia** which rose Fls.0.50, **Ahold** Fls.0.40 up, and **Pakhoed** Fls.0.50.

State Loans were slightly lower.

GERMANY—Shares lost on average up to DM2 on further professional position closing and Foreign selling.

Banks led losers, with **Bayernverein** off DM5 and **Bayernhypo** DM3.

Daimler fell DM4.

Public Authority Loans shed up to DM0.20, with the Regulating Authorities' activity limited to small smoothing intervention. The new DM900m. 10-year 6 per cent. Federal Loan in trading among banks remained at ¾ per cent. discount. Mark Foreign Loans were barely changed.

SWITZERLAND — Markets turned irregular, following some profit taking.

Banks remained steady, apart from higher **Bankgesellschaft**.

Among slightly mixed Financials, **Interfood** and **Presse-Finanz** each rose.

Small losses predominated in Insurances, leading Industrials were steady, while Stores drifted lower in places.

In a quiet Foreign sector, Dollar stocks eased. Dutch shares were irregularly lower and Germans fell.

VIENNA—Narrowly mixed in quiet trading.

MILAN—Irregularly higher in moderate dealings.

Generale Immobiliare fell sharply, but **Condotte D'Acqua** were little changed following restriction of trading in these two shares to the Cash Market until uncertainties over a plan for sale of Condotte to private interests as part of an Immobiliare rescue *plan are clarified.*

COPENHAGEN—Steady in moderate dealings.

OSLO—Industrials, Insurances and Shippings were quiet, while Bankings were steady.

JOHANNESBURG—Gold shares firmer on higher bullion prices.

Financial Minings were steady to firm.

Platinums were quiet and marginally higher, while Coppers were mixed.

HONG KONG—Market closed easier in dull trading, with selling interest in Blue Chips

Hong Kong Bank at $HK17.90 and **Swire Pacific** at $HK6.30 each fell 10 cents, while **Hong Kong Land** at $HK6.75, **Hutchison** at $HK3.175 and **Wheelock Marden** at $HK2.50 each shed 5 cents.

TOKYO—Prices declined in a light volume of 170m. (250m.) shares.

Export oriented shares led the losses, amid caution on signs of a slowdown in the U.S. economy.

Toyota Motor lost Y18 to 969, **Nissan Motor** Y13 to 752, and **Honda Motor** Y8 to 620.

AUSTRALIA—Markets closed mixed in quiet trading.

Among Banks, **Wales** rose 2 cents to $A5.22, but **ANZ** fell 11 cents to $A3.33 and **National** shed 3 cents to $A2.85.

Pancontinental gave way 20 cents to $A8 but **Kathleen Investments** rose 5 cents to $A1.50.

AAR eased 4 cents to $A1.88 and **David Jones** 3 cents to $A1.05, but **Grace Brothers** put on 2 cents to $A1.93.

Indices

NEW YORK -DOW JONES

	Sept. 16	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 9	1977 High	1977 Low	Since compil'tion High	Since compil'tion Low
Industrial	856.81	860.79	858.71	854.56	854.38	857.07	999.75 (3/1)	854.12 (26/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	215.19	215.66	216.09	214.21	214.29	215.64	[illegible]	[illegible]	[illegible]	[illegible]
Utilities	112.65	112.25	112.26	112.04	112.25	112.50	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol. 000's	18,440	18,250	17,350	14,900	16,700	19,100				

N Y S E ALL COMMON

Sept. 16	Sept. 15	Sept. 14	Sept. 13	1977 High	1977 Low
52.78	52.94	52.78	52.56	57.07 (4/1)	52.54 (12/9)

Rises and Falls	Sept. 16
Issues Traded—1,849	Up—641
Down—715	Same—493
New Highs—22	New Lows—40

Gold firmer

Gold rose $1¼ to $149¾-150 in fairly active trading in the London bullion market yesterday. European trading followed the upward movement in New York on Friday, and market sources suggested that this may be the result of renewed fears about the future rate of inflation in the U.S. The krugerrand's premium over its gold content showed little change at 3.42 per cent., compared with 3.45 per cent. for domestic and international delivery.

Trading was fairly quiet in the foreign exchange market, with the dollar and sterling drifting down in thin trading. The upward trend in U.S. banks' prime lending rates did not have any particular beneficial influence on the dollar, while the latest cut in London interest rates probably had a depressing effect on the pound.

Morgan Guaranty's calculation of the dollar's trade-weighted depreciation since the Washington Currency Agreement of December, 1971, was 0.59 per cent., compared with 0.58 per cent. on Friday.

Sterling's trade-weighted index on the basis of the Washington Agreement, as calculated by the *Bank of England*, eased to 62.3 from 62.4, after standing at 62.4 at noon and in early trading.

The pound declined throughout the day in terms of the dollar, after opening at $1.7432-1.7437. It closed at $1.7418-1.7423, a fall of 8 points on the day.

Forward sterling also declined, with the three-month pound closing at around par against the dollar, compared with 0.18 cent premium on Friday.

CURRENCY RATES

	Special Drawing Rights September 16	European Unit of Account September 16
Sterling	0.665969	0.652541
U.S. dollar	1.16685	1.13767
Canadian Dlr.	1.24675	1.22110
Austria Sch.	19.2092	18.8004
Belgian franc	41.6281	40.7969
Danish krone	7.17986	7.03390
Deutschemark	2.59990	2.64507
Dutch guilder	2.86033	2.80262
French franc	5.732-9	5.60734
Italian lira	1026.08	1005.24
Japanese yen	310.179	303.503
Norway krone	6.36610	6.23329
Spain peseta	98.1615	96.1284
Swedish krona	5.63628	5.51794
Swiss franc	2.76561	2.70954

* Rate is for convertible franc. Financial franc 48.8054.

EXCHANGE CROSS-RATES

Sept. 19	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.3234-44	47.10-20	6.48-49	4.043-051	94.15-23	97.60-70
New York*	42.46-98	—	20.26-27	2.758-789	1.7428-428	40.55-57	41.95-97
Paris	211.76-28	4.922-934	—	13.736-769	8.578-599	199.85-.55	206.95-.45
Brussels	15.40-44	35.81-86	7.28-28	—	62.38-62	14.53-57	15.04-.08
London	4.05-06	1.7418-22	8.584-59	62.45-5	—	4.28¼-30¼	4.14¼-15¼
Amst'dam	106.995-046	2.4622-47	49.59-.08	6.873-7	4.2925-75	—	103.575-685
Zurich	102.35-40	2.3728-95	48.25-28	6.632-.76	4.1433-49	96.37-44	—

*U.S. $ in Montreal U.S. $=107.44-49 Canadian Cents. Canadian $ in New York=93.07-15 U.S. cents. U.S. $ in Milan 883.70-90. Sterling in Milan 1539.80-1540.40. *Rates for Sept. 16.

EURO-CURRENCY INTEREST RATES*

GOLD MARKET

	Sept. 19
Gold Bullion (a fine ounce)	
Close	$149¾-150
Opening	$148¾-149¼
Morning fixing	$149.80 (£85.595)
Afternoon fixing	$149.75 (£85.940)
Gold Coins... domestically	
Krugerrand	$153¾-155¾ (£88¼-89¼)
N'w Sov'r'gns	$47¾-49¾ (£27½-28½)
Old Sov'r'gns	$43½-45½ (£25-26)
Gold Coins... (Intern'lly)	
Krugerrand	$153¾-155¾ (£88¼-89¼)
N'w Sov'r'gns	$47¾-49¾ (£27½-28½)
Old Sov'r'gns	$43¾-45¾ (£25¼-26¼)
$20 Eagles	$217½-220½

FOREIGN EXCHANGE

Sept. 19	Bank Rates %	Market Day's Spread
New York	6⅝	1.7417-1.7437
Montreal	7½	1.8708-1.8738
Amsterdam	4½	4.28¼-4.31¼
Brussels‡	6	62.40-62.65
Copenh'gen	9	10.75¼-10.78¼
Frankfurt	3½	4.04¼-4.07
Lisbon	8	70.35-70.75
Madrid	8	147.50-147.80
Milan	11½	1,538¼-1,541½
Oslo	6	9.55-9.58
Paris	9½	8.55-8.58
Stockholm	6	8.44-8.48
Tokyo	4¼	465-470
Vienna	5½	28.77-28.90
Zurich	1½	4.13¼-4.16¼

‡ Rates given are for convertible francs. Financial franc 62.40-62.60.

OTHER MARKETS

Argentina	783.85-794.93
Australia	1.5711-1.5689
Brazil	25.95-26.18
Finland	7.25-7.28
Greece	63.774-64.757
Hong Kong	8.155-8.1660
Iran	121-125
Kuwait	0.495-0.505
Luxemb'g	62.45-62.55
Malaysia	4.2775-4.2875
N. Zealand	1.7895-1.8075
Saudi Arab	6.08-6.18
Singapore	4.2510-4.2810
S. Africa	1.5181-1.5257
U.S. cents	95.97-96.10

Rate given for Argentina

FORWARD RATES

	One month
New York	par-10 c dis
Montreal	.15-.25 c dis
Amst'dam	1 c. pm-par
Brussels	par-10 c dis
Cop'nhgn	7-8 ore dis
Frankfurt	1⅛-⅛ pf pm
Lisbon	70-210 c. dis
Madrid	85-145 c. dis
Milan	10-16 lire dis
Oslo	5-5 ore dis
Paris	1¾-2¾ c. dis
Stockh'lm	4-6 ore dis
Vienna	6-16 gro dis
Zurich	1¾-¾ c. pm

Six-month forward dollar ... 12-month 0.30-0.40 c pm.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—90½% (91%).

ry Coast oa pact matum

ABIDJAN, Sept. 19.
Y Coast will ask for a negotiation of the 1975 al Cocoa Agreement demands are not fully Denis Bra Kanon, the e Minister said here.
a news conference his as demanding revised ns of 73-91 U.S. cents from the curren 39-55
nstitutes a minimum under which the Ivory not go."
matum follows a two- l meeting of the nine- roducers alliance in tal of Lome last week ation for the extra- ouncil meeting of the al Cocoa Organisation king place in London prices.
Kanon called on to stop threatening with future use of litutes.
ry Coast was among untries actively trying production. "It will its producers' efforts gnised and paid"
ana Cocoa Marketing d purchases for the of the 1977 mid-crop led on September 15 ated at 1,359 tonnes. s cumulative purch- he season to 12,331 pared with 7,895 long e same period of last

and cold her kills ambs

ayward

LINGTON, Sept. 19.
nd cold in New Zea- killed hundreds of of lambs intended for istmas British market. rs in Canterbury have cent. of their lambs.
rmers have also suf- ny cows have died in because of lack of rs are in bad condition water-logged soil. Mr. the local MP, said was a disaster area. ed the Government for y farmers face ruin. land had three very s in succession. The particularly wet and these conditions con- spring they affected ambing season.

Lead and tin head rise in base metal prices

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD AND tin paved the way for a general rise in prices on the London Metal Exchange yesterday. Lead was particularly buoyant. Cash lead closed £9.25 up at £341.5 a tonne and three months lead was more than £10 higher at £346.25, after trading at £351 when some profit-taking came in.

One reason for the surge in lead prices was reported to be a major institutional buyer deciding to switch out of copper and tin into lead.

The latest estimates, issued by the International Lead and Zinc Study Group after last week's Geneva meeting appear to confirm that the lead supply-demand position is finely balanced.

The group said lead metal consumption was expected to rise this year to 3.7m. tonnes — close to its highest ever level — and would marginally outstrip production estimated at a record 3.64m. tonnes.

Since stocks are reported to be low, LME traders feel prices could rake off again, as they did earlier this year, should any sustained trade demand emerge.

Bullish sentiment has also returned to the tin market, after the recent nervousness over the U.S. stockpile policy announcement which turned out to be a damp squib. London prices, encouraged by a rise in the Penang market at the weekend, opened higher and went further ahead on the late kerb on U.S. buying interest.

Three months standard grade tin closed £80 up on Friday at £6,377.5 a tonne, but traded at more than £6,430 in subsequent kerb dealings. Cash tin closed £97.5 up at £6,400 while high-grade cash tin gained £115 to £6,495.

Copper also managed to gain ground, despite some heavy selling during the day which wiped out early increases. The upward trend was encouraged by the rise in gold and silver, as well as in lead and tin. Reports of Chinese buying below £700 have helped market sentiment too, although the purchases are thought to have totalled 30,000 tonnes at the most.

The LME zinc market remains highly nervous. Profit-takings sales quickly eroded early gains and prices closed only marginally higher.

The International Lead and Zinc Study Group, which advanced its meeting by about two months because of the deteriorating situation in the zinc market, predicted that zinc consumption this year would be about 4.3m. tonnes, less than 1 per cent. higher than last year, but rise by 2 per cent. next year.

Production this year is expected to be 4.2m. tonnes.

It was noted that the zinc production estimate was based on producers keeping output at the reduced 1976/77 levels. It is by no means certain that a European producer price will be avoided. The study group decided to hold a special meeting of its standing committee in January to review the statistics.

There was a smaller than expected rise in copper stocks held in LME warehouses, with the total rising only 825 tonnes to 611,550 tonnes. The fall of tin stocks, down by 410 to 4,255 tonnes, was slightly greater than forecast.

Zinc stocks declined by 1,000 to 72,325 tonnes. Lead was unchanged at 61,150 tonnes. LME silver holdings rose 220,000 to 19,130,000 ounces.

Go-slow halts tea shipments

By Our Own Correspondent

CALCUTTA, Sept. 19.

TEA SHIPMENTS from Calcutta Port have virtually halted because of the go-slow by workers in the city's 52 warehouses. The go-slow, which started on September 9, is so complete that not a single chest is said to have moved from the warehouses in the past week. Several loaders for U.K. and Middle East destinations are having to wait to take cargo.

The port Shramik Union, which has organised the go-slow to press demands for better conditions for the warehouse workers, is apparently determined to carry on until a satisfactory settlement is reached.

Meanwhile arrivals of tea from upcountry are beginning to cause a storage problem.

At yesterday's London tea auction prices for the main grades were little changed. Medium quality tea was 1p cheaper at 104p a kilo. Plain tea was 5p cheaper at 75p a kilo. Quality tea was 40p cheaper at 180p a kilo.

Israel will fly grapefruit to Europe

By Our Own Correspondent

TEL AVIV, Sept. 19.

ISRAEL will airfreight 40,000 to 50,000 cases of early ripening grapefruit to Europe in the next fortnight. With supplies of South African grapefruit running low it is hoped shipment by air will pay for itself.

Picking of early grapefruit started yesterday. The fruit will be sent from October 1 by sea. It is intended to ship about 1.3m. cases of early grapefruit by October 21, and then ship regular varieties.

Exports of navel oranges will start on November 1, according to Tnuva Export, whose packing houses handle more than 45 per cent. of the crop.

The company expects increases of 40 per cent. this year in clementines and mandarins to 500,000 cases; of 500,000 cases in exports of grapefruit to 15m. cases; and of 2m.-2.5m. cases in shamoutis to 21.5m.-22m. cases.

If these forecasts are realised Israeli citrus exports in the 1977-78 season should reach 50m. cases, worth $200m., as against 46.5m. cases and $176m. last season. It is intended to market the oranges under two brand names—Jaffa, which will be the superior grade, and Hedar.

FARMLAND INQUIRY

Buyers in bowlers under scrutiny

BY CHRISTOPHER PARKES

THAT bowler-hatted bogeyman, the institutional landlord, has been stalking the farmlands of Britain for many years, but sightings have increased recently and an examination of his doings is timely.

The ghost-hunt begins officially on Friday in London at the first meeting of the independent committee of 11 named by the Minister of Agriculture last week. In charge—the exorcist's apprentice so to speak—will be Lord Northfield, chairman of the Development Commission, and agricultural economist by training but perhaps better known for his work over 20 years as Labour MP for Birmingham Northfield.

Behind the whole affair is Mr John Silkin, Minister of Agriculture and exorcist-in-chief, who was apparently inspired to inquire on the spur of the moment during a visit to an agricultural show in June.

A report is expected within six to nine months.

Although the committee's brief also covers the activities of overseas buyers in Britain and the difficulties faced by young people without land trying to set up in farming, there can be no doubt that the members' minds will be focused sharply on the City buyers—pension funds, investment trusts, insurance companies and the like.

Also worth looking-over are the management companies who operate in the area between the tenants farming the land and the unmuddied businessmen who own it.

Of the 18m. hectares of agricultural land in the U.K., about 90 per cent. is still in private hands, so there has certainly been no wholesale takeover of our rural heritage.

However, there is some concern that land being bought up by the institutions is among the most fertile and accessible in the country—and there is much well-founded worry that, as the farming industry loses a steady 50,000 hectares a year to the growing cities and sprawling industrialisation, prices will continue to rise.

The land prices boom of 1972-1973 was flattened by the subsequent economic recession but another upswing is now in progress. The average price of vacant possession land is now hovering just short of £1,000 an acre, compared with £245 at the end of the sixties.

Significant

It is important to remember, however, that these "averages" are calculated on only that tiny fraction (1.5 to 2 per cent.) of the country's farmable acreage which is sold each year. There is also bound to be further distortion from the fact that the land changing hands is mostly best-quality.

The Country Landowners' Association asserts that one-third of all land being sold is going to the institutions—a possibly significant proportion if not a massive quantity.

For the moment though, the City is far from being a majority share-holder in U.K. farming. A group of sociology professors and lecturers working on just this problem report: "We estimate that approximately 1.5 per cent. of farm land in England and Wales is now owned by the various institutions.

"This is rather more than that owned by either the church or the universities, but somewhat less than that owned by the monarchy."

Helped by the Social Science Research Council, this team recently interviewed some 200 East Anglian farmers, half of whom have big farms of more than 1,000 acres. Most were hostile to the institutional farmers and their agents, and many blamed the institutions for land price increases.

Somewhat predictably the most vehement enemies of the new buyers seemed to be those who knew least about their activities.

Writing in a journal produced yesterday by one of the main land management companies, this set of investigators conclude: in point that the hostility of the traditional landowner is compounded by the "threat" of efficient landownership.

"This may appear strange, but the fact remains that tenants, owner-occupiers and private landlords do not ultimately believe that landownership can ever be a purely rational matter in economic terms.

"Landowners are not motivated by profit alone. To be a landowner is to be a steward. It means precisely not being efficient."

For the purposes of the Northfield probe such assertions are necessarily side-issues. This is a pity. An examination of that theory promises results considerably more rewarding and contentious than any of the data we seem doomed to receive on the marginal activities of big investors in U.K. farming.

Animal feed prices cut again

BY OUR COMMODITIES STAFF

BRITAIN'S leading animal feed manufacturers have cut their prices for the third successive month. Led by RHM Agriculture on Friday, Spillers, BOCM-Silcock and most of the other compounders quickly followed suit at the week-end.

Made-up feed ready to be fed straight from the sack has come down £2-£4 a tonne on average.

The protein-rich concentrates which farmers usually mix with their own supplies of barley or feeding wheat are £10-£15 a tonne cheaper.

The cuts followed the continued decline in the price of American soyabeans, the main source of protein in stockfeed, which has dragged down the prices of all the usual substitutes.

Although there is now a feeling that the soya price has hit bottom, there may be room for further reduction in feed prices as a result of the slide in the barley and feeding wheat markets.

The spot price for feed barley in Britain is about £10 a tonne lower than at this time last year.

In the shorter term makers may be prompted into making further price cuts to keep up their volume of trade in a shrinking feed market.

The national pig and cattle herds are still shrinking, although an increase in numbers is expected early in the new year.

The cuts will be particularly popular among pig farmers—to whom they will be worth as much as £5 a pig—and egg and poultry producers who rely on feeds with high protein content.

There is unlikely to be any discernible short-term impact on the shop price of U.K. bacon and pork, but eggs may soon come down in price.

Jamaican sugar setback

BY CANUTE JAMES

KINGSTON, Sept. 19.

JAMAICA'S SUGAR production this year totals 291,154 tons—the lowest in 30 years, according to official figures on the crop just concluded.

This year's production is 68,000 tons lower than last year's, and is in keeping with a continuing decline since 1966, when production was 500,000 tons.

Industry sources attribute the poor crop to a severe drought which affected major agricultural areas for the past three years.

But the situation was aggravated by unusually heavy rains earlier this year which reduced the sucrose content of the canes.

The low production is not, however, expected to affect Jamaica's major export commitments. Officials say Jamaica's exports of 120,000 to the EEC under the Lome Convention will be met.

Forecasts for next year's crop are good as weather has been ideal. Unofficial projections are for production close to 400,000 tons.

Record world oilseed crop forecast

HAMBURG, Sept. 19.

THE WORLD oilseed crop in 1977-78 will be at least 15m. tonnes higher than last year at a record 135m. to 140m. tonnes, according to Alfred C. Toepfer's monthly bulletin.

The increase would stem chiefly from the expected rise to nearly 45m. tonnes from 34m. in the U.S. soyabean harvest. The world total was likely to rise 11m. tonnes to 72m., the bulletin said.

Supplies of rape, cottonseed, sunflower seed and linseed were also higher in the current farm year, but output of copra and palm kernels had decreased.

The higher oilseed harvest would raise the availability of oilcakes to 75m-78m. tonnes from last year's 68m., of which soyabeanmeal would account for 50m. (43m.) and cottonseed for 10m. (9m.).

Toepfer said soyabean supplies in the U.S. would more than satisfy internal and foreign demand at about 47m. tonnes—6m. more than last year.

Exports from the U.S. were expected to rise again this year from 15.4m. tonnes of soyabeans and 4.7m. tonnes of soyabeanmeal in 1976-77.

Reuter.

MODITY MARKET REPORTS AND PRICES

METALS

rmer on the London Metal n the pre-market, influenced oss of Comex on Friday strength of gold and the in other metals, forward back to £704 following lling from an influential was thought to have been o lead. The price then destly to £706 on the morn- thereafter traded quietly 703-£705 level before ending at the latter price on the late kerb. Turnover 15,200 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £694, 92, 91, three months £708, 06, 05, 04, 05, 06, 05.5, 05, 04, 05, 04.5. Cathodes: Cash £691, 5, 1, three months £694.5, 94. Kerb: Wirebars, three months £705, 05.5, 06. Afternoon: Wirebars, cash £690, three months £706, 05.5, 06, 04. Cathodes: Three months £693. Kerb: Wirebars, three months £704, 03.5, 04, 05.

.m. fficial	+ or —	p.m. Unofficial	+ or —
£	£	£	£
-90.5	+8.75	690-.5	+5.75
04-.5	+9	703.5-4	+4
90.5	+8.5	—	......
.5.1	-8.5	697.5-80.5	+2
4-.5	+9	693-.4	+2.25
31	......	—	......
—	......	......	......

TIN—Strong. After moving ahead to £6,385 on the pre-market owing to the rise in the Penang price coupled with the general trend in other metals, profit-taking caused the price to ease back to £6,365 at the end of the morning rings. On the morning kerb, however, values moved ahead again with fresh buying taking the price up to £6,390. This trend continued in the afternoon as hedge buying against physical business done in the U.S. pushed the price up to £6,440 before it closed at £6,430 on the late kerb. Turnover, 1,150 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6470-90	+145	6490-500	+115
3 months	6440-50	+88	6450-70	+70
Settlem'nt	6490	+160	—	......
Standard				
Cash	6390-5	+147	6395-6405	+97.5
3 months	6365-70	+122	6375-80	+80
Settlem'nt	6395	+145	—	......
Straits E.	$1645	+20	—	......
New York	—	......	60	......

Morning: Standard, cash £6,390, three months £6,395, 90, 70, 65. High Grade, three months £6,440. Kerbs: Standard, three months £6,375, 80, 90, 85. Afternoon: Standard, three months £6,380, 70, 80, 70, 80, 50, 85, 80. High Grade, cash £6,500. Kerbs: Standard, three months £6,380, 85, 90, 95, £6,400, 10, 30, 40, 30.

LEAD—Sharply higher in active trading. After opening at £339 forward metal quickly rose to the day's high of £352 during the morning rings following short covering, chartist buying and heavy buying from an influential quarter. In the afternoon, however, profit-taking pared the price to £344 before it hardened to close at £345 on the late kerb. Turnover 14,850 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	347.5-8.5	+15.7	341-.2	+9.25
3 months	351.5-2.5	+17.5	346.5	+10.1
S'ment	348.5	+17	—	......
N.Y.Spot	—	......	*31	......

Morning: Late Oct. £340, three months £341, £341.5, 42, 43, 44, 43, 44, 45, 45.5, 7, 8, 8.5, 9, 50, 49, 50, 51, 52. Kerbs: Three months £349, 48.5, 48, 47.5, 49, 50, 50.5, 51, 51.5, 50, 49. Afternoon: Three months £349, 48, 47, 47.5, 47, 46.5, 46. Kerb: Three months £346, 45, 45.5, 46, 46.5, 45, 44, 44.5, 45.

ZINC—Gained ground in sympathy with other base metals. Forward material rose to the day's high of £310 in the ...

Limited 01-351 3466 Three months silver 264.5-267.5
free trading on commodity futures
commodity futures market for the smaller investor

D DRAWINGS

PERUVIAN NATIONAL LOAN
6% EXTERNAL SINKING FUND BONDS 1928
(SECOND SERIES)

WARBURG & CO. LTD., announce that the semi-annual redemption due 1st October, 1977, has been met by purchases in the market to the value of £19,900 and by a drawing of bonds to the nominal value ...

stinctive numbers of the bonds, drawn in the presence of a Notary s follows —

1st October, 1975

1st April, 1977

20th September, 1977.

AN NATIONAL LOAN
AL SINKING FUND BONDS
8 (Second Series)

BURG & CO. LTD (incor- gman Brothers) announce No. 98 due 1st October, bonds of the above named have been over printed to ance of the offer made on Republic of Peru, as pub- Times" and "The Financial st October, 1954 may now payment.
Street.
P 2SB.
er, 1977.

SILVER

... at 260.6-261.6p (454-456c) and closed at 261.5-262.5p (455-457c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	261.9p	+4.25	262.2p	+3.7
3 months	265.7p	+4.65	266.25p	+4.0
6 months	270.2p	+4.8	—	......
12 months	279.7p	+4.1	—	......

LME—Turnover 211 (256) lots of 10,000 ounces. Morning: Three months 265.8, 06, 6.1, 6.2, 6.5, 6.8, 6.9, 7, 6.9, 6.5. Kerbs: Three months 266.5. Afternoon: Three months 266.3, 6, 6.1, 6.2, 6.1.

COCOA

Prices moved in a narrow range in quiet trading, mainly under the influence of jobber activity, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Cont't			
September	2756.0-65.0	—11.0	2780.0-65.0
December	2471.0-72.0	+5.0	2473.-41.0
March	2267.0-71.0	+1.0	2276-56.0
May	2168.0-70.0	—3.5	2174-65.0
July	2091.0-95.0	—9.5	2095.0-80.0
Sept	2012.-20.0	—4.15	2020.0
Dec	1955.0-60.0	—0.5	1955.5-40.0

Sales: 2,022 (2,359) lots of 10 tonnes.

International Cocoa Agreement (U.S. cents per pound). Daily price Sept 16 176.40 (179.41). Indicator prices Sept 19. 15-day average 174.19 (175.75). 22-day average 172.91 (172.61).

COFFEE

London coffee futures opened £25-£35 higher but the market traded in a narrow range with local dealer support evident during a quiet morning session, reports Drexel Burnham Lambert. The afternoon lacked incentive after a disappointing New York opening but later prices rallied slightly and London closed at the highs of the day £35-£50 up from Friday. There was no fresh physical news.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
September	2971-2974	—24.5	3012-2975
November	2678-2679	+50.5	2679-2155
January	2244-2245	+48.0	2244-2205
March	1990-1994	+50.5	1990-1.50
May	1921-1922	+44.5	1918-1950
July	1895-1900	+46.0	1901-1750
September	1865-1870	+35.0	—

Sales: 2,407 (2,350) lots of 5 tonnes.

ICO Indicator prices for Sept. 16 (U.S. cents per pound): Colombian Mild Arabicas 201.00 (same); unwashed Arabicas 215.00 (same); other mild Arabicas 196.75 (195.00); Robustas 204.50 (same). Daily average 200.63 (199.75).

RUBBER

HIGHER opening on the London physical market. Featureless throughout the day, closing quiet. Lewis and Peat reported a Malaysian godown price of 213½ cents a kilo (buyer October).

No. 1 R.S.S.	Yesterday's close	Previous close	Business done
Oct	57.35-57.40	56.70-56.75	57.55
Nov	58.05-58.10	57.50-57.55	58.10
Oct-Dec	58.05-58.10	57.50-57.55	58.50-57.20
Jan-Mar	59.55-59.60	59.05-59.10	59.80-59.00
Apr-Jne	60.95-61.00	60.60-60.65	61.60-60.65
Jly-Sept	62.50-62.9	62.25-62.35	63.30-62.40
Oct-Dec	64.55-64.60	64.20-64.25	64.60
Jan-Mar	66.45-66.50	66.05-66.10	66.70-66.50
Apr-Jne	68.45-68.55	67.95-68.00	68.61-68.50

Sales: 152 (449) lots of 15 tonnes and 4 (13) at 5 tonnes.

Physical closing prices (buyers) were: Spot 56.25p (58.0); Oct. 55.25 (same); Nov. 54.25p (same).

SOYABEAN MEAL

The market opened steady, about unchanged, reflecting quiet physical market. Volume was moderate but included ...

GRAINS

SUGAR

MEAT/VEGETABLES

... and Wales—Cattle up 5.2 per cent., average price 58.92p (−0.25). Sheep up 5.7 per cent., average price 129.1p (+3.9). Pigs up 6.1 per cent., average price 59.3p (+3.2). Scotland—Cattle up 22.6 per cent., average price 58.50p (−0.94). Sheep down 5.6 per cent., average price 122.3p (+1.5). Pigs down 13.5 per cent.

MEAT COMMISSION—Average fatstock prices at representative markets on Sept. 19. GB—Cattle 56.56p a kg.l.w. (−0.49). U.K.—Sheep 125.2p a kg.est.d.c.w. (−2.1). GB—Pigs 60.0p a kg.l.w. (−0.8).

England and Wales—Cattle up 3.1 per cent., average price 56.29p (0.51). Sheep up 1.0 per cent., average price 126.1p (−3.7). Pigs down 1.2 per cent., average price 60.0p (+0.7). Scotland—Cattle down 19.4 per cent., average price 56.62p (−0.31). Sheep down 5.5 per cent., average price 125.2p (+2.1). Pigs down 23.9 per cent., average price 56.7p (+1.2).

COVENT GARDEN (sterling a package except where otherwise stated)—Imported produce: Oranges—South African: 36 138's 5.10-6.05; Californian: 5.50-6.20; Argentine: 5.40-6.70. Grapefruit—Uruguayan: 6.20-6.40; Argentine 6.00. Lemons—Spanish: Trays 25/30's 2.00; South African: 4.30-5.80. Mandarins—Australian: Ellendale 4.60. Apples—French: Approx. 20 lbs Golden Delicious 3.50-3.60, Starking 4.90-4.20, Granny Smith 70 84 4.00-5.00. Pears—Italian: Per pound ...

WOOL FUTURES

JUTE

COTTON

PRICE CHANGES

India seeks cotton crop boost

By Our Own Correspondent

NEW DELHI, Sept. 19.

INDIA'S Agriculture Ministry plans to increase the acreage under cotton to produce at least 7m. bales in 1977-78, about five per cent. more than last year when substantial imports were made owing to shortages.

The Ministry has formulated a strategy to increase acreage in irrigated and non-irrigated areas by using high-yielding seed. It plans to encourage double cropping for cotton in areas which grow a single paddy crop.

The Government has decided to raise the budgetary allocation for the intensive cotton development programme. The reason is that cotton is among the country's leading cash crops. It occupies 5 per cent. of the cropped area and sustains the textile industry, the largest in the country.

Australian wheat crop estimated

MELBOURNE, Sept. 19.

THE Australian Wheat Board expects the 1977-78 wheat crop to reach about 12m. tonnes, Board chairman Mr. Jack Cass said in a statement.

The forecast, the first to be made by the Board this season, compares with a 1976-77 crop of 11.84m. tonnes and is in line with local trade estimates.

Mr. Cass said an unusually dry winter had taken the edge off clearly favourable prospects.

This season's crop would need at least average spring rain if the forecast was to be reached.

U.S. coffee roastings

NEW YORK, Sept. 19.

GORDON PATON reports that green coffee roasted in the U.S. up to September 10, this year, including that used for soluble production, fell 29 per cent. to 9.86m. bags from 12.94m. in the same period of last year.

Coffee roasted in the week to September 10 was 70.7 per cent of that roasted in the same week last year.

This is consistent with a decline in 1976-77 comparative weekly roasting rates, but shows some increase from the 66.2 per cent for the week to September 3 and indicates the highest percentage for any week since May 14.

Reuter

LONDON PALM OIL—Quiet. Closes ...

STOCK EXCHANGE REPORT

Widespread sharp falls on increased profit-taking

Index down 15 at 516.9 after 512.1—Gilt falls to £1¾

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 5	Sep. 15	Sep. 16	Sep. 27
Sep. 19	Sep. 29	Sep. 30	Oct. 11
Oct. 3	Oct. 13	Oct. 14	Oct. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Widespread sharp losses occurred in stock markets yesterday — the first day of a new Account — on marking down by jobbers and nervous profit-taking. Rising sterling and falling interest rates, the twin props to the markets' recent strong upsurge, looked to be in slight danger with sterling yesterday showing the effects of small selling, mainly on the differential which has arisen between U.K. and U.S. short-term interest rates following their recent divergent trends. British Funds had their first real setback for several weeks with falls to over £2 being reduced to £1¾ by the close. The Government Securities index, which on Friday was standing at a 64-month high, fell 1.11, or 1½ per cent., to 74.59 for biggest fall in a day for seven months, but was still showing a rise of nearly 11 per cent. over the past eight weeks.

Gilt-edged were still looking weak at the end of late dealings, while leading shares were also still very sensitive in the late business. Following the two-day bout of profit-taking in equities at the end of last week, jobbers read the situation aright in taking defensive action from the start and lowering quotations across the board in an attempt to keep their intake to a minimum. Little actual trade was transacted at the lowest levels of the day, which were seen soon after the opening with the FT 30-share index down 19.8, or 3.7 per cent., at 11 a.m.; prices hardened later, but no signs of any recovery emerged and prices were drifting off again towards the end. The index closed 15 points off at 516.9 for a three-day loss of 32.2, or nearly six per cent., from last Wednesday's all-time high of 549.2. In percentage terms, yesterday's was the biggest index loss since the drop of 3.3 per cent. on March 21 last on the hit of an early General Election.

About one-fifth of the index constituents registered double-figured falls with Guest Keen outstanding at 314p, down 25; late on Friday, the company added to the fairly lengthy list of big-names announcing disappointing trading figures which have resulted in savage price falls; Guest Keen have come back 55 in the last three trading sessions. Markets were in no mood to take note of favourable developments on the wages front and falls in FT-quoted equities were in a four-to-one majority over rises while the FT-Actuaries three main indices were all down by about 2 per cent.

Setback in Gilts

A technical reaction, considered overdue in most quarters, trimmed the recent sharp gains in Gilt-edged and although quotations staged a rally in the afternoon, they were heading lower again in the after-hours' business; losses, which had extended to two points in the first hour of trading, were thus reaching towards that amount again late. Week-end Press views that the Government could be contemplating a reflationary package gave yesterday's shake-out impetus, but was not the prime cause of it, while the current level of U.K. interest rates compared with rising U.S. rates was another factor arousing debate. Dealers took action to avoid stock immediately but still found it necessary to absorb some offerings which were moderate in relation to the size of recent buying. The recently oversubscribed Treasury 12 per cent., 1995, issue closed 1¾ down at 31¼, but was only 31, in £20-paid form, late in the evening, while the shorter-dated Exchequer 12¼ per cent., 1981, fell 1½ points to 111; sentiment at this end of the market continued to be affected by last Friday's unexpected announcement of a new short tap issue. Corporations were rarely more than ¼ easier, apart from recently-issued loans such as Islington 12¾ per cent., 1986 87, down 1½ points at £15, in £10-paid form. News of the £20m. Southwark issue of 11¼ per cent., 1984 85, stock had little impact.

Overshadowed by events elsewhere, the investment currency market had an uneventful day and the premium drifted back to 90 per cent. before steadying to close a net ¼ lower at 90¾ per cent. Yesterday's SE conversion factor was 0.7833 (0.7849).

Discounts up further

Discounts continued to move against the trend with further buying interest being engendered by favourable week-end Press mention. Gillett Bros. improved 5 to 235p and Cater Ryder were similarly better at 310p. On the other hand, Banking issues continued downwards, Midland, 320p, and National Westminster, 250p, both reacted 8, while Lloyds gave up 6 at 250p. Bank of Scotland also lost 6 to 265p in front of to-day's interim results. Among HP's, revived bid talk left Lloyds and Scottish 7 dearer at 107p.

Profit-taking again left its mark on the Building sector, although the majority of losses were fairly modest. Still reflecting news that the company is making a £12m. provision against possible Nigerian losses, Tarmac weakened afresh to 168p before recovering to close at 172p for a fall of 6 on balance. Taylor Woodrow, a recent high-flier, reacted 8 more to 454p, but AP Cement continued to move against the trend, rising 2 more to 275p. Other bright spots included Tilbury Contracting, which rallied 6 to 246p ahead of to-morrow's interim figures.

Trading was fairly brisk in ICI, down 11 at 423p, after 419p, while Hickson and Welch dipped 18 to 590p in a restricted market. Laporte gave up 9 to 116p ahead of to-morrow's results.

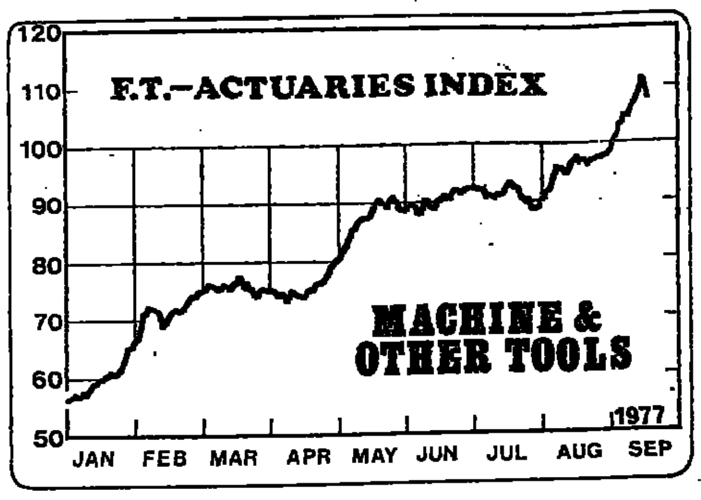
BEC up on bid

British Electronic Controls were good late at 29½p, up 4½, in response to the increased offer (20p cum dividend) from three executive directors of the company following the purchase through the market of a 28 per cent. stake that increases their holding to 41 per cent.; thus latest offer compares with their original bid of 23p a share and exceeds the Derritron bid worth nearly 29p per BEC. Elsewhere in Electricals, the leaders closed above the worst but with falls ranging to 6 as in GEC, 257p. EMI gave up 5 at 228p and Plessey 3 at 107p. Electronic issues encountered profit-taking and Farnell lost 11 to 217p. Falls of 8 were seen in Racal, 240p, and United Scientific, 227p, while reactions of 6 apiece were sustained by Pye, 101p, and Kode, 92p. Ward and Goldstone were quoted ex the scrip issue at 91p, down 3, and Thorn similarly went ex the 1-20 compensation scrip issue for the enfranchisement of "A" shares and closed 10 lower at 396p; the new were called 400p. Dubilier improved a penny to 18½p in response to Press comment.

The Store leaders closed slightly above the worst. British Home ending 7 off at 235p, after 234p. Burton, unaltered at 95p, after 93p, held up well with the aid of Press mention.

The disappointing half-yearly statement brought marked weakness to GKN, which opened sharply lower at around 320p and deteriorated further to 302p before picking up to close at 314p for a loss of 25 on the day, making a three-day fall of 55. Elsewhere in Engineerings, Vickers, with interim figures due on Thursday, encountered selling and gave up 13 more to 222p. Falls of 10 were seen in J. Brown, 244p, and Tubes, 402p, while Hawker Siddeley were 8 cheaper at 198p. Widespread and sometimes substantial losses in secondary issues included Pegler Hattersley, 192p, and Renold, 148p, both down 8. Davy International gave up 7 to 288p and Averys were 6 cheaper at 166p. Expanded Metal, 7 lower at 66p, reflected the fall in the first half profits while news that the company had won fresh contracts worth about £8m. failed to help Matthew Hall, which eased 4 to 197p. Against the trend favourable week-end Press mention stimulated buying of Tecalemit, 3½ to the good at 110p, while Johnsons and Firth Brown hardened a penny to 65p on the annual results.

Rowntree Mackintosh remained unsettled and fell 16 further to 380p on small selling in front of to-morrow's interim figures. Associated Dairies ended 6 off at 352p, while losses of around 8 were seen in Pork Farms, 308p, and Linfood, 348p xd. United Biscuit finished 6 cheaper at 185p after the chairman's view on prospects, which accompanied the interim figures. Against the trend, Highgate and Job moved up 4 to 61p in a thin market.



Glaxo fall

Glaxo led the rout in the miscellaneous Industrial leaders with a loss of 18 to 630p, after 624p, but Beecham followed closely with a decline of 15 to 633p, after 627p. Reckitt and Colman, still on recent poor interim results, lost 12 to 440p. Small declines preponderated among secondary issues, but there were a few firm spots. Johnson Cleaners added 3½ at 60½p following Press comment, while others to be influenced included Alpine Holdings 2½ up at 41½p, Duray Bitumastic 2 better at 44p, and Batch and Portland, 1½ firmer at 68p. Further consideration of last week's good interim results left Miln Marsters 5 higher at 180 xd and Bifurcated Engineering a penny higher at 38p xd. In contrast, reactions of 60 and 35 respectively were seen in Wm. Lawrence Ordinary, 400p, and A, 385p, both occurring in sympathy with a loss of 4½ to 114p in bidder Thos. Tilling. Redfearn National Glass, which is fighting off a partial offer of 300p cash a share from Rheem International, lost 8 to 250p. Mono Containers eased a penny late to 38p on news that Polysar of Belgium does not intend to raise its offer of 30p cash a share; Autobar Vending is currently bidding 35p a share cash. Stanley Gibbons were relatively steady at 133p, only 2 easier, after the more than doubled interim profits.

Wilmot-Breeden remained in the spotlight, losing 3½ to 56p, following the announcement that Dr. Macdonald's shareholding had been purchased by Andrew Weir and Company Ltd. as a long-term investment, news which frustrated recent bid speculators. Dowty stood out at 166p, down 7, while losses of 5 were seen in Dunlop, 114p, and Lucas Industries, 318p. Slightly smaller falls of around 4 were recorded by Automotive Products, 103p, Turner Manufacturing, 100p, and Associated Engineering, 133½p. Dealings in Hotchkiss were suspended at 132p at the company's request pending the outcome of a bid approach. Apart from W. J. Reynolds, 1½ harder at 17p on the substantially improved first-half profits, Distributors closed with little alteration.

Tricentrol react

Leading Oils rallied well from the day's lowest because the initial falls had reflected more market sentiment than actual selling. British Petroleum ended 4 off at 918p, after 912p, while the partly-paid shares closed 5 lower at 380p, after 372p. Shell were only 3 easier at 608p xd, while Royal Dutch gave up ¼ at £40¼ xd. Despite good first-half profits from Tricentrol, more note was taken of the second-half warning and the shares declined 6 to 188p. Elsewhere, Siebens (U.K.) lost 10 to 316p, while LASMO Ordinary fell 6 to 182p.

The Property market held up well with the losses in the leaders rarely extending beyond 3. MEPC shed this amount to 111p, while Land Securities ended only 2 off at 228p. Samuel managed a penny gain at 89½p in response to week-end Press comment. B. Sunley, however, lost 7 to 178p on profit-taking.

Paterson Zochonis were quoted ex the scrip issue, the Ordinary and "A" both closing 15 cheaper at 215p and 210p respectively, in Overseas Traders.

Edinburgh and Dundee Investment Trust featured with a rise of 8 to 146p following a flurry of speculative interest. Le Valloner hardened 2 further to 35p, while Mooloya, 46p, and Argo Investments, 110p, put on 3 and 6 respectively. Other Trusts closed with narrow mixed movements.

Press comment directed fresh attention to Furness Withy, which rose 15 to a 1977 peak of 350p in activity fuelled by hopes of early bid developments. Other Shippings had an easier bias.

Upset by the strike at the company's main factory in Coventry, Courtaulds declined 5 to 122p. Among other Textiles, Wood Bastow reacted 7 to 98p on further consideration of the results, but Parkland Textile "A" contrasted with a rise of 4 to 63p, aided by call-option business. David Dixon 4.2 per cent. Preference were marked up 15 to 55p on the higher coupon proposals.

Tobaccos had Imps 3 easier at 77p xd and BAT Industries Deferred 7 cheaper at 230p.

In Plantations, Rosehaugh were raised 30 to 90 on small buying in a restricted market.

Golds sharply higher

In sharp contrast to the weakness of U.K. equities the recent upsurge in South African Gold share prices gathered momentum as the bullion price approached the $150 per ounce level. The metal price did in fact reach that level momentarily but finally closed $1.25 higher at $149.625 per ounce—its best level since April 22—while the Gold Mines index advanced 7.1 to a six-month high of 153.1.

Prices were initially marked up owing to bullish weekend Press mention and they subsequently moved ahead strongly as London buying became apparent. Gains were extended during the afternoon trade following further persistent buying which emanated from Continental and U.S. sources.

In the heavyweights rises ranged to a point in Free State Geduld, £12, which still reflected satisfaction with the increased final dividend announced last week, while Hartebeest added ½ to £10½ and Western Holdings a similar amount to a 1977 high of £35½.

Financials mirrored Golds with Anglo American 8 to the good at a high of 268p; the interim results are expected on Thursday. Union Corporation featured with an 18 jump to 260p ex-dividend.

Of the London-domiciled Financials Rio Tinto-Zinc were outstanding with a 7 improvement at 235p following favourable weekend Press comment and in front of to-morrow's half-year results, while the strength of the gold share market prompted a similar rise in Gold Fields to 185p.

Elsewhere, following further persistent talk of a possible takeover bid and with results expected on Thursday Beralt Tin rose 3 more to 52p while Pacific Copper Mines advanced 32 to 180p reflecting the sharp rise in the shares in Canada; the company is understood to be involved in negotiations for the possible acquisition of a new mineral property in Australia.

FINANCIAL TIMES STOCK INDICES

HIGHS AND LOWS

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day
GKN	£1	17	314	-25
ICI	£1	17	423	-11
Grand Met.	50p	14	97	-3
Shell Transport	25p	12	608xd	-3
Tarmac	50p	12	172	-6
Tube Invs.	£1	12	402	-10
Commercial Union	25p	11	150	-4
Glaxo	50p	11	630	-18
Marks & Spencer	25p	11	155	-5
BP	£1	10	918	-4
BP (Partly-paid)	£1	10	380	-5
Burmah Oil	£1	10	64	—
GUS "A"	25p	10	317	—
BATs Defd.	25p	9	230	-7
Beecham	25p	9	633	-15

NEW HIGHS AND LOWS FOR 1977

RISES AND FALLS YESTERDAY

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

THEATRES

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

OPTIONS TRADED

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS

FIXED INTEREST PRICE INDICES

CONTINUED ON PAGE 31

AUTHORISED UNIT TRUSTS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

Welfare Insurance Co. Ltd.♥

The Leas, Folkestone, Kent. 0303 57333

Cap. Growth Fund	293.5	.....	—
◆Exempt Flex. Fd.	129.1	.....	—
◆Exempt Prop. Fd.	80.3	.....	—
◆Expt. Inv. Tst. Fd.	132.4	.....	—
Flexible Fund	203.7	.....	—
Inv. Trust Fd.	124.6	.....	—
Moneymaker Fd.	56.9	.....	—
Property Fund	75.4	.....	—

Windsor Life Assur. Co. Ltd.

1 High Street, Windsor. Windsor 68144

Life Inv. Plans	69.1	71.7	.....	—
Future Assd. Gth (a)		17.0	.....	—
Future Assd. Gth (b)		47.0	.....	—
Ret. Assd. Pens		£24.24	.....	—
Flex. Inv. Growth	103.4	108.8	.....	—

BASE LENDING RATES

...k	7 %	■ Hill Samuel §	7 %
... Banks Ltd.	7 %	C. Hoare & Co. †	7 %
... Express Bk.	7 %	Julian S. Hodge	8 %
...	7 %	Hongkong & Shanghai	7 %
... Ltd.	7 %	Industrial Bk. of Scot.	8 %
...bacher	7½%	Keyser Ullmann	7 %
... Bilbao	7 %	Knowsley & Co. Ltd.	9½%
...edit & Cmce.	8 %	Lloyds Bank	7 %
...yprus	7 %	London & European	8½%
...S.W.	7 %	London Mercantile	7 %
...lee Ltd.	7 %	Midland Bank	7 %
...Rhone S.A.	7½%	■ Samuel Montagu	7 %
...ank	7 %	■ Morgan Grenfell	7 %
...ristie Ltd.	8½%	National Westminster	7 %
...oldings Ltd.	9 %	Norwich General Trust	7½%
... of Mid. East	7 %	P. S. Refson & Co.	7 %
...oley	7 %	Rossminster Accept'cs	7 %
...manent AFI	8 %	Royal Bk. Canada Trust	7 %
... C Fin. Ltd.	9 %	Schlesinger Limited	7 %
...	7½%	E. S. Schwab	8½%
...dings	9 %	Security Trust Co. Ltd.	8½%
...se Japhet	7 %	Shenley Trust	9½%
...es	8 %	Standard Chartered	7 %
...d Credits	8	Trade Dev. Bank	7 %
...e Bank *	7 %	Trustee Savings Bank	7 %
... Securities	7 %	Twentieth Century Bk.	8½%
...mais	7 %	United Bank of Kuwait	7 %
...wrie ¶	7 %	Whiteaway Laidlaw	7½%
...	7 %	Williams & Glyn's	7 %
...anscont	8 %	Yorkshire Bank	7 %
...on Secs.	7 %		
... Fin. Corpn.	9 %		
...Secs. Ltd.	9 %		
...obs	7 %		
...rant Trust	7 %		
... Guaranty	7 %		
... Bank ‡	7 %		
...Mahon	7 %		
...ank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 4% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ÷, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. ‡ Suspended ÷ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 516-521

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977 High	1977 Low	Stock	£	+ or −	Yield Int.	Yield Red.
99⅝	93	Treasury 3pc '77	99⅝	+$\frac{1}{32}$	3.01	5.30
99⅝	94	Transport 4pc '72-77	99⅝	+$\frac{1}{32}$	4.02	5.45
101	95	Treasury 9pc 1978	101	−⅛	8.87	5.99
103⅝	97⅜	Treasury 10½pc '78	103⅝	−¼	10.16	6.14
99½	90	Exch. 5pc '76-78	98¾xd	−½	5.06	6.28
106	95	Treasury 11½pc '79	106	−¾	10.85	7.15
97¼	84	Treasury 3pc '79	96	−1	3.12	5.14
98¾	85½	Electric 4¼pc '74-79	97xd	−1	4.38	5.66
105	92	Treasury 10½pc '79	105	−⅞	10.00	7.86
96¼	84⅞	Electric 3½pc '76-79	95	−1	3.68	5.99
105¾	97¼	Treasury 9pc 1980	102⅛	−1⅛	8.81	8.04
104⅞	88½	Treasury 9½pc '80	102⅝	−1½	9.26	8.35
95	82⅞	Treasury 3½pc '77-80	94	−1	3.72	5.90
96⅛	83	Funding 5¼pc '78-80	95	−1	5.53	7.28
111	96	Exchequer 13pc 1980	110	−1½	11.82	9.27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S. E. List Premium 27¾% (based on $US1.7420 per £)

Conversion factor 0.7833 (0.7849)

CANADIANS

[illegible]

S.E. List Premium 27¾% (based on $1.8715 per £)

BANKS AND HIRE PURCHASE

[illegible]

For Slater Walker see Britannia Arrow

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

مكتبة الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MINES—Continued

CENTRAL AFRICAN

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

9½	9	Burma Mines 17½p	9	......	—	—	—
107	55	Colby Mines $1	91	......	—	—	—
600	250	Cons. Murch. 10c	550	......	Q11½c	1.4	♦
475	250	Northgate C$1	295	......	—	—	—
247	173	R.T.Z.	235	+7	8.12	3.1	5.2
70	32	Sabina Inds. C$1	53½	......	—	—	—
£14¼	£11⅞	Tara Exptn. $1	£12⅞	−¼	—	—	—
55	39	Tehidy Minerals 10p	46	......	1.21	♦	0.6
160	121	Yukon Cons. C$1	125	......	Q6½c	3.6	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- £ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ¢ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✝ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s *Dividend and yield exclude a special payment.* t *Indicated* dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or *deferred.* C Canadian. D *Cover and P/E ratio exclude profits* of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	22	......
Ash Spinning	40	−1
Bertam	18	
Bdgwtr. Est. 50p	242	−2
Clover Croft	21	......
Craig & Rose £1	570	......
Dyson (R.A.)	24	......
Ellis & McHdy	60	......
Evans Frk. 10p	26	......
Fife Forge	16	......
[illegible]	42	......
Finlay Pkg. 5p	16½	......
Graig Ship. £1	540	......
Higsons Brew.	105	......
I.O.M. Stm. £1	160	......
Holt (Jos.) 25p	220	......
Nthn. Goldsmith	34	......
Pearce (C. H.)	153	......
Peel Mills	14	......
Sheffield Brick	47	......
Sheff. Refrshmt.	40	......
Shiloh Spinn.	19	−2
Sindall (Wm.)	70	......

IRISH

Conv. 9% '80/82	£97⅜	−⅛
Alliance Gas	66	......
Arnott	250	......
Carroll (P.J.)	98	−2
Clondalkin	73	......
Concrete Prods.	100	......
Heiton (Hldgs.)	45	−1
Ins. Corp.	120	......
Irish Ropes	140	......
Jacob	50	......
Sunbeam	20	......
T.M.G.	96	......
Unidare	65	......

OPTIONS

3-month Call rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday September 20 1977

Italian unions seek ban on State company sale

BY PAUL BETTS

ROME, Sept 19

THE ITALIAN trade unions have threatened to break off all relations with the Government if Italy's State holding company, Istituto per la Riconversion Industriale (IRI), decides to go ahead with the sale of its profitable engineering subsidiary, Condotte d'Aequa, to private interests.

This virtual declaration of war after a truce lasting nearly six months between Government and trade unions came to-day only hours before the IRI Board was scheduled to meet to decide on the sale of the engineering group.

The trade union threat follows reported pledges by Sig. Giulio Andreotti, the Italian Prime Minister, during a Government-union summit last week that the IRI subsidiary would not be sold to foreign private interests.

However, since the Prime Minister's announcement, Sig. Antonio Bisaglia, the Italian Minister of State Participation, has indicated that he personally favoured the sale.

Both IRI and Sig. Loris Corbi, the chairman of Condotte d'Aequa, also indicated that they intended to go ahead with the sale. IRI stressed that it has so far not been "officially" informed by the Prime Minister *of his pledge to the unions*, while Sig. Corbi said he found the situation "amazing."

Sig. Corbi is understood to have immediately flown to Houston, Texas, after the Premier's *announcement for talks with the* chief negotiator of the Condotte sale, Mr. John Connally, the former U.S. Treasury Secretary.

The IRI Board meeting to-night is likely to be a crucial *one since basically the State* holding company appears to have little choice between a show-down with the Prime Minister and the unions or to scrap the sale.

The latter would provoke, according to IRI sources, a major internal controversy at a time when the company has been stressing the need to give its managers more responsibility and authority.

Earlier this year, IRI started a series of management rebellions in other State-controlled groups as a result of the growing *frustration of top management* staff at what they called "political interference" in the running of State groups.

This was at a time when these key economic sectors were facing chronic financial problems.

Both the unions and the country's Left-wing forces are opposing the Condotte d'Aequa sale not so much because it is an unprecedented event in the recent industrial history of the country, but because of their doubts over the nature of the prospective buyers.

Sig. Corbi has repeatedly indicated that he had settled the sale, which now hinges only on *Government approval. He described the prospective buyer* only as an Italo-American group.

The sale of Condotte is linked directly with the salvage of Italy's largest construction and *engineering group, Societa Generale Immobiliare (SGI),* which is at present crippled by *accumulated losses of £300bn.* mainly attributed to the management of the controversial financier, Sig. Michele Sindona.

Sig. Sindona, now living in the U.S., is currently fighting extradition proceedings by the Italian authorities.

Condotte, once private, so the SGI salvage plan runs, would subscribe to an SGI capital increase and become the majority shareholder in the troubled company. An SGI collapse, on the other hand, could precipitate an Italian banking crisis, given the extent of banking credits to the former Sindona empire.

Union and Left-wing opposition first erupted when Mr. John Connally was mentioned as the probable negotiator of the sale. Mr. Connally, according to reports here, has links with Sig. Sindona and this, according to the small Republican Party, would make the Condotte sale "unacceptable."

Although Sig. Corbi has said that Sig. Sindona was not involved in the affair, there is speculation that the real buyers of Condotte are a Saudi Arabian group.

If this were so, the fusion of Condotte, currently working on *a U.S.$1.5bn. contract in Iran to* build a port at Bander Abbas, and a Saudi group could make *the two companies potentially a* major force in the Middle East construction field.

Following hectic speculation in Condotte and SGI shares during the past week on the Milan Bourse, the Italian national commission on companies and the bourse stopped all dealings in the two shares except for cash transactions, as from to-day.

SGI share prices declined by 6 per cent. on the Milan Stock Exchange to-day, while Condotte marginally increased.

To-night, the Italian main trade union confederation sent a letter to the Prime Minister, warning of the consequences of the Condotte sale. According to the trade unions, Condotte *should not be used* for the SGI salvage operation.

"We do not want to see a dead duck bailed out by the sale of one of the country's few profitable State concerns," one leading trade union leader said to-night.

Sig. Andreotti's Italian Cabinet changes received a critical reception yesterday *from the country's political* parties, including the Communists, whose support in the *National Assembly is keeping the minority Government in* office.

Owen to press for more Soviet orders

BY REGINALD DALE

DR. DAVID OWEN, the Foreign Secretary, is to visit Moscow from October 9 to 11, the Foreign Office announced in London last night.

Much of his time will be taken up with international issues, but he is also expected to press the *Soviet leaders to take up more* of the £950m. credit for purchase of British goods agreed when Sir Harold Wilson visited Moscow as Prime Minister in February, 1975.

So far, just over £362m. of the credit has been taken up in signed contracts, and British trade with the Soviet Union remains heavily in deficit.

International topics are expected to include the Middle East, Southern Africa, the Conference on Security and Co-operation in Europe, disarmament and nuclear non-proliferation, the Mutual and Balanced Force Reductions talks in Vienna and the Geneva negotiations for a comprehensive nuclear test ban.

Dr. Owen's visit comes at an important time for East-West relations. The 35-nation Belgrade review of the 1975 Helsinki Agreement will have started five days before he is due to arrive in Moscow. It is thought unlikely that he will take major new policy initiatives with him.

The Moscow talks, which will *be mainly with Mr. Andrei* Gromyko, the Soviet Foreign Minister, are in the context of *a 1975 agreement that the* Foreign Ministers of the two countries should try to meet once a year. It has not yet been settled whether Dr. Owen will meet President Brezhnev.

Talks aimed at boosting Anglo-Soviet trade have continued at official level since the last meeting of the two countries' Joint Commission in Moscow in May, but no positive conclusions have been reached.

Last year U.K. exports of £240m. were dwarfed by Soviet exports to Britain of £645. The picture has improved somewhat this year, with British exports reaching just under £210m. in the first eight months, against £152m. in the same period last year.

Soviet exports to Britain totalled £498m. in the first eight months of the year, against £436m. last year.

Bankers to answer EEC to-day

By Michael Lafferty, City Staff

THE British Bankers' Association has been refused an extension of the three weeks' deadline it was given by the European Commission to answer charges that it is party to restrictive agreements in foreign exchange *dealing.*

Both the association and the exclusive Foreign Exchange and Currency Deposit Brokers' Association were informed by the Commission on August 31 that they had 21 days to answer a complaint that they operate restrictive agreements contrary to EEC anti-cartel rules.

The complaint was lodged by *Sarabex, the only significant* foreign exchange dealer operating in London which is not a *member of the brokers' association.*

Last night the BBA confirmed that a reply to all questions raised by the Commission would be sent by telex to Brussels today. The response would be confined to providing factual answers rather than arguing the merits of the present voluntary system for regulating foreign exchange and currency markets.

Miners vote to go ahead with talks on productivity

BY ALAN PIKE, LABOUR CORRESPONDENT

THE CHANCES that moderate miners' leaders will be able to use National Coal Board productivity proposals to modify pit pay demands this winter took a delicate step forward yesterday.

Union negotiators agreed to continue with detailed discussions on the Board's proposals and, provided these are successful, the National Union of Mineworkers' executive will next month be urged to put the productivity scheme to a pithead *ballot. Mr. Joe Gormley, NUM* president, said he was "pretty *confident" that the negotiators would be able to recommend a* scheme.

Yesterday's joint negotiating *committee meeting voted 5—4 in* favour of going ahead with talks on the productivity scheme and by the same margin defeated an attempt by Mr. Arthur Scargill, Left-wing Yorkshire area president, to submit a Phase Two-breaking pay claim for new rates of up to £135 per week immediately.

Bitter

The NUM conference in July voted to "seek to achieve" the pay increases, involving a virtual doubling of existing rates, from the union's traditional settlement date of November—although under the 12-month rule the miners are not entitled to a further increase until March.

A moderate strategy to reduce pressure on the pay claim by offering members productivity increases of up to £20 per week or more appeared in ruins when the conference narrowly defeated a motion calling for the immediate implementation of a meaningful incentive scheme.

However, supporters of the productivity proposals in the NUM leadership have decided—in the face of bitter opposition—that they are still constitutionally entitled to put the Coal Board's proposals to ballot.

Mr. Gormley said after yesterday's negotiating committee meeting that "while there may be an argument about what the rules say I think it was a wise decision which we took to-day." He predicted that there could be a ballot by mid-November.

The negotiating committee should have no serious difficulty in agreeing the details of the proposed productivity scheme since it is, essentially, one which the Board was preparing with the union until the conference decision brought joint work on it to a halt. It would operate *at pit level, unlike the existing* unsuccessful national incentive scheme which has boosted *neither output nor earnings.*

There remains a fierce battle to be fought on the NUM executive *if the negotiators recommend a pithead ballot.* Left-wingers, who argue that such a course *would challenge the* supremacy of the union's conference, have already suggested that they might go to the High Court.

The decision at yesterday's meeting to take no *immediate* action on submitting the pay claim means that it will be very close to the November deadline by the time the negotiators meet next. Mr. Gormley said the details of the claim had not yet been worked out and hinted that action by other groups of workers might "colour the picture" in the coming weeks. "If others rebel, it will make it more difficult to say the 12-month rule must hold," he warned.

Referendum plan absurd, says Foot

BY RICHARD EVANS, LOBBY EDITOR

MRS MARGARET THATCHER'S controversial suggestion that she might hold a national referendum to resolve a conflict between a Conservative government and the trade unions came under scornful attack yesterday from Labour and Liberal politicians. And some Conservative MPs were cool towards the idea.

The most outspoken comment yesterday came from Mr. Michael Foot, Lord President of the Council, who dismissed referendums to solve industrial disputes as "dangerous and absurd."

Mr. Foot believed that if the trade union concerned believed the referendum question to be unfair then the situation would get much worse.

"The proposal will be wiped out of court within weeks when the public and members of the Conservative Party take a look at it."

The Shadow Cabinet has not considered the proposal officially. Mrs. Thatcher has discussed it privately with a few close colleagues. It is understood that the decision to make the idea public was taken only on Saturday.

Nevertheless, Mrs. Thatcher's authority gives the idea much of the status of official Party policy. Influential support came *yesterday from Lord Hailsham,* a former Lord Chancellor, who said he hoped a referendum would become part of a constitution.

What Mrs. Thatcher had been talking about, he said, was a challenge to the Commons and the Government of the day by powerful unions—not a miner's pay claim against the Coal Board as in 1974.

A cooler Tory reaction came from Mr. Terence Higgins, former Treasury Minister and *an opponent of the Common* Market referendum in 1975.

In certain circumstances he believed a referendum could become a single-issue General Election. A Government's authority would be strengthened if the electorate backed it. But if people voted against, it would be inconceivable that the Government should not feel bound to go to the country in a General Election.

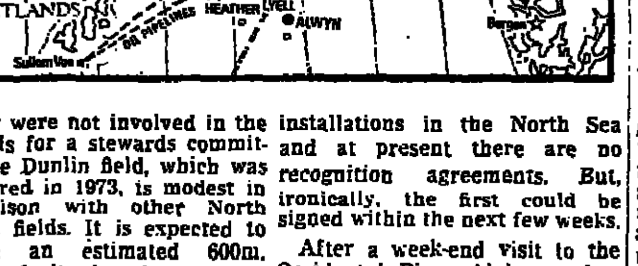
Mr. Allan Beith, Liberal Chief Whip, argued in a speech in Northumberland, that the referendum idea underlined Tory failure to reconcile the contradictory industrial strategies of Mr. James Prior and Sir Keith Joseph.

In Mr. Beith's view, the most remarkable thing about the idea was its presumption that a *Conservative government would* clash with private-sector unions.

Society Today Page 21

119 flown off oil platform in recognition dispute

BY DAVID CHURCHILL, LABOUR STAFF



THE ROW over trade union efforts to gain recognition on North Sea oil rigs flared again yesterday when it was revealed that 119 engineering workers had been flown off an oil platform being installed.

The dispute, one of the first major strikes on a North Sea oil installation, is the latest in a series of labour troubles in the growing North Sea oil industry as the unions become more organised.

The 119 workers, mainly members of the Amalgamated Union of Engineering Workers, were taken off the Shell-Esso Dunlin "A" platform some 120 miles north-east of the Shetlands on Sunday after striking in support of recognition for a shop *stewards committee on the* platform.

But Oceanic Offshore Services, *the platform contractors,* rejected the engineers' demand and decided instead to take them off the platform and employ a new crew to complete the platform's construction.

Stayed

There had been some confusion on the platform as to whether the men's action was technically a mutiny. But it appeared yesterday that as the platform was at rest when the strike began, it could not be a mutiny as this only applied to a moving platform or ship.

More than 50 workers were left on the platform yesterday as they were not involved in the demands for a stewards committee. The Dunlin field, which was discovered in 1973, is modest in comparison with other North Sea oil fields. It is expected to provide an estimated 600m. barrels of oil when it comes on *stream in 1978 or 1979.*

The engineering workers are responsible for linking together the accommodation and production facilities on the platform, but their action is unlikely to seriously delay completion of the platform.

This latest dispute in the industry comes after two other major disputes earlier this year, involving helicopter pilots at the Sullom oil terminal project.

Steady progress is being made by the unions to achieve greater representation and recognition. The unions have created a special committee, based in Aberdeen, to co-ordinate their efforts.

There are an estimated 10,000 men working on the offshore installations in the North Sea and at present there are no recognition agreements. But, ironically, the first could be signed within the next few weeks.

After a week-end visit to the Occidental Piper Alpha production platform, union officials were confident that they had a membership level of 90 per cent. *Talks will be held later this week* with the company on whether an agreement can be negotiated.

Mr. Campbell Reid, a Scottish official of the Association of Scientific, Technical and Managerial Staffs, said yesterday that high membership had been achieved after a recruiting drive on the platform.

Three other claims for union *recognition have already been* formally submitted by the union's co-ordinating committee. They cover four platforms in the Shell Brent Field, a Phillips gas platform in the southern sector of the North Sea, and an Amoco gas processing plant in Norfolk.

NUBE quits banks' negotiating body

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL Union of Bank Employees decided yesterday to try to break up the banks' joint *negotiating machinery in an* attempt to cut the power of the bank staff associations.

Mr. Leif Mills, the union's general secretary has informed the employers' federation that *the union is withdrawing from* the national negotiating machinery for the clearing banks *and claiming direct negotiating* rights for its members.

He has also notified Barclays, Lloyds and National Westminster that the union is pulling out of their domestic negotiating machinery which is also shared with the staff associations.

As part of the same *move, the* union has claimed direct negotiating rights between the banks and itself *for its own members* and has claimed Phase Two pay rises, backdated to July 1.

This is in conflict with the union side of the national negotiating machinery, which, *pulled along by* the staff associations is asking for 10 per cent. pay increases. The banks have offered Phase Two and the matter is due to go before independent arbitration.

The union's move is largely intended to break up the bank's negotiating machinery and drive the staff associations into the cold by making it impossible for the banks to negotiate with them.

The union which claims 112,000 members is planning a major recruitment drive in the banking and finance industry which employs almost 700,000 people.

Although yesterday's move gives up to six months notice *of withdrawal from the negotiating machinery,* as laid down in its regulations, it has thrown the machinery into considerable confusion. It is not clear whether the national joint negotiating council can operate without the union.

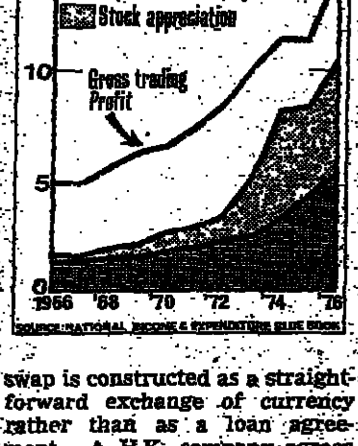
Mr. Ted Richards, director of the Federation of Bank Employers attacked the union's *move and said it would be* impossible for the banks to deal with the union and the staff associations separately.

Mr. Wilf Aspinall, general secretary of the non-TUC affiliated Confederation of Bank Staff Associations, the associations' umbrella body, said the union's decision was one of desperation, did no service to the cause of collective bargaining and would work to the union's disadvantage.

THE LEX COLUMN

The outlook for profits growth

Index fell 15.0 to 516.9



By mid-morning yesterday, the FT Industrial Ordinary share index had collapsed by nearly 20 points, and though the market closed above its worst, both equities and gilt-edged stock suffered their sharpest setback for over six months. Following last week's massive oversubscription, the premium on Treasury 12 per cent. 1995 was clipped from Friday's peak of £3½ to just £1, while on the foreign exchanges the pound was weaker, and six-month sterling went to a discount against the dollar once again.

After the recent sharp rise in both equities and gilt-edged prices, some sort of technical reaction was long overdue and the bad news from GKN last Friday night only exacerbated the situation. But while the profitability of the engineering sector may be less than supposed, analysts generally do not seem to think that there is any need for a *fundamental rethink* of their current year profit forecasts for the corporate sector as a whole.

The impact of last year's *stock profits on company earnings* has not been fully appreciated by many investors and the current slowdown in stock appreciation is the major reason for the markedly slower growth rate for company profits this year. As it is Phillips and Drew *is sticking to its forecast* of 20 per cent growth in published profits and De Zoete are going for only slightly less.

By contrast there is considerably less agreement about the outlook for growth in 1978. P and D are revising their *forecast down* to around 15 per cent., mainly because of a slowdown in export growth and the sluggish outlook for many overseas economies. However, both De Zoete and Wood Mackenzie are going for 1978 growth rates of well over 20 per cent.

Currency swaps

When Consolidated Gold Fields came to finance its recent acquisition of Hydro Conduit Corporation of the U.S., it decided to opt for a relatively *new but rapidly expanding* international financing mechanism—th elong term currency swap. For Gold Fields, this represents the second bite at something which appears to offer considerable advantages over the more traditional route to direct investment overseas—*the back-to-back* or parallel loan.

In the first place, a currency swap is constructed as a straight-forward exchange of currency rather than as a loan agreement. A U.K. company agrees to offer a U.S. counterpart a given amount of sterling in exchange for dollars—and to take it back again after a period, normally of ten years. Whereas a back-to-back loan can inflate a company's balance sheet and have an adverse effect on its debt: equity ratio, a currency swap does not appear on the balance sheet at all. At most, a company takes on a contingent liability to unwind the deal a decade hence: *in effect,* it is entering into a foreign exchange contract sold forward over ten years.

In such a transaction, the U.S. company normally pays a flat annual fee—ranging from 1½ to 2½ per cent.—to compensate for the expectation that over the long term interest rates *in London will be higher* than in New York. So both parties to the deal know just where they stand from day one—unlike under a back-to-back loan, where the impact of large currency swings on annual interest payments can soon upset the initial spread between the dollar and sterling elements of the transaction.

Another feature that attracts Gold Fields is that a bank, in this case Continental Illinois, is standing as principal and middle man in the deal. So it does not have to get into the business of assessing the credit status of a U.S. industrial company.

A U.S. party to such a deal secures access to long term sterling finance at attractive rates, and can apparently also treat its commitment to unwind the swap as a liability ... may be offset against ... of currency movements ... assets when it comes ... lating earnings ... FASB-8 accounting ... a U.K. company, whilst ... flush with sterling but ... scope for domestic ... the currency swap ... tively simple ... pastures of North America.

Within the space of ... these transactions ... estimate built up ... rate of $500m. To judge ... apparent fascination ... companies still have ... assets, there could be ... come.

United Biscuits

United Biscuits ... so enthusiastic about the ... half of 1977—in May ... forward exchange ... year—but the group ... dicating a ... crease in annual ... low the improvement ... £17m. pre-tax ... from acquisitions ... for January-June ... prices have risen ... margins rose in the ... it looks as though ... some extent at the ... volume. For Keebler ... the picture was ... reverse of this, with ... added an extra 0.5 ... the swing to ... parable period. This ... contribution was down ... £7.5m. before interest ... though currency ... an average rate ... rally in sterling ... show through).

Without an upturn ... demand it will be hard ... to reach more than ... tax for the full year ... uncertain—though the ... has seen a sudden ... increase in sales of ... lines, and a flurry of ... in bread substitutes ... crackers. At least ... mobilises picture looks ... able, with the adverse ... high cocoa prices ... by easing wheat and ... Shareholders, however ... dilution problem after ... issue which financed the ... takeover, and earnings ... may be only slightly ... the year at 18p or so ... basis a prospective ... around 9 at 165p is ... side for the sector.

Weather

U.K. TO-DAY

DRY WITH some sun. Scattered showers in S.E. England and E. Anglia.

S.E. England, E. Anglia
Rather cloudy, scattered showers, chiefly near coasts.

London, Cent. S. England, Midlands, Cent. N. England
Mainly dry, rather cloudy, sunny intervals.

Channel Is., S.W. England, Wales, N.W. England, Lakes, Is. of Man
Some fog patches early, dry, sunny periods. Max. 16C or 17C (61F to 63F).

E. England, N.E. England
Mainly dry, rather cloudy.

Borders, Edinburgh, Dundee, Aberdeen
Dry, rather cloudy.

S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N.W. Scotland, N. Ireland
Fog patches early, dry, sunny periods.

Moray Firth, N.E. Scotland, Orkney, Shetland
Dry, rather cloudy.

Outlook: Little change.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria	F	26	79	Madrid	C	19	66
Amstrdm.	S	15	59	Manchstr.	C	11	52
Athens	F	26	79	Melbourne	R	14	58
Bahrain	S	33	90	Milan	F	15	59
Barcelona	C	18	64	Montreal	C	17	63
Belfast	F	14	57	Moscow	C	7	45
Belgrade	C	13	55	Munich	C	9	48
Berlin	F	12	54	Newcastle	C	10	50
Birmghm.	C	12	54	New York	C	25	77
Bristol	C	11	52	Oslo	S	17	63
Brussels	S	14	57	Paris	F	15	59
Budapest	C	11	52	Perth	S	23	74
B. Aires	S	18	65	Prague	R	6	43
Cairo	S	31	89	Reykjavik	C	12	54
Cardiff	C	11	52	Rio de J'o	R	26	80
Cologne	C	13	55	Rome	R	14	57
Copnhagn.	S	18	64	Singapore	S	28	83
Dublin	F	14	57	Stockholm	S	14	57
Edinbrgh.	C	10	50	Strasbrg.	F	13	55
Frankfurt	C	13	55	Sydney	R	15	59
Geneva	F	11	52	Tehran	S	32	90
Glasgow	F	13	55	Tel Aviv	S	27	81
Helsinki	C	11	52	Tokyo	R	23	73
H. Kong	S	33	91	Toronto	C	18	65
Jo'burg	C	21	71	Vienna	C	9	48
Lisbon	C	21	70	Warsaw	F	13	55
London	C	14	57	Zurich	F	9	48
Luxembrg.	F	12	54				

HOLIDAY RESORTS

Ajaccio	R	18	64	Jersey	C	13	55
Algiers	F	26	79	Las Plms.	F	23	73
Biarritz	S	15	59	Locarno	C	14	57
Blackpool	C	13	55	Luxor	S	37	99
Bordeaux	S	16	61	Majorca	C	18	64
Boulogne	C	15	59	Malaga	F	27	81
Casablnca.	F	23	73	Malta	F	28	82
Cape Town	C	13	55	Nairobi	R	20	68
Corfu	S	27	81	Naples	F	22	72
Dubrovnik	F	23	73	Nice	F	20	68
Faro	C	23	73	Oporto	S	21	70
Florence	C	18	64	Rhodes	S	28	82
Funchal	F	24	75	Salzburg	C	10	50
Gibraltar	F	22	72	Tangier	F	23	73
Guernsey	C	14	57	Tenerife	F	20	68
Innsbruck	S	12	54	Tunis	F	34	93
Inverness	C	11	52	Valencia	C	18	64
I. of Man	F	13	55	Venice	F	16	61
Istanbul	S	26	79				

F—Fair. R—Rain. C—Cloudy. S—Sunny.

Registered at the Post Office. Printed by St. Clement's Press for and by the Financial Times Ltd., Bracken House, Cannon Street, London EC...